

Inaugural address

of

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Inaugural Address

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

If one were denied access to all of the written texts describing the history of this nation, save only the inaugural messages of those who have served as Governors of this unique and marvelous state of Vermont, from those messages alone one would gain a clear view of the blessings and tragedies, the opportunities and obstacles which have shaped this nation and this state.

Vermonters have always prided themselves on their independence. From the earliest days of Windsor, those who risked all to form the Republic of Vermont, quietly and firmly declared their independence, not only in government but in character. And through the years, the Vermont determination has been to cope with the challenges of the times, in ways specifically appropriate for Vermont and the Vermonters' sense of values. But we have not been isolated or estranged from the destiny of America. My predecessors have seldom listed agendas for Vermont which did not speak of the state of the nation in which those actions would be taken.

Denied access to the Federalist Papers, a Vermonter could learn a great deal about the nature of this new union from Isaac Tichenor's inaugural message of 1798. The agonies and stresses of war are clearly revealed in 1813 by Martin Chittenden, in 1861 by Governor Holbrook and in 1947 by Governor Gibson. Difficult economic times and their effects on Vermont can be easily understood reading the words of Urban Woodbury in 1896 or James Hartness in 1921. No less fully can one experience the exhilaration of the eras of great expansion described by Horace Fairbanks in 1876 or John Bartow in 1882.

And so, even as tradition calls upon me to speak to you today about the state of the state and to present a sense of agenda for the legislative deliberation on which you embark, it calls also for me to attempt to relate the Vermont challenge to the national circumstance.

(The National Circumstance)

I believe we are approaching the end of a dangerous era in American history and that as a nation, we now face tasks as compelling and urgent as any we have ever faced.

For a half a century, we have built a life style on the assumption that harvests could be reaped without the responsibilities of husbandry. We have sought to repeal fundamental laws of economics because the rate of improvement in our circumstances which we could earn by our efforts, or from our savings, failed to satisfy us.

For at least a decade some Americans understood that there would come a day of reckoning. But even after, long after, common sense should have told us all that we could not escape the relationship between supply and demand, between productivity and wealth, we continued to spend that which we had not yet earned.

When a problem in some segment of the economy, or a great need of some part of the populace disturbed our sense at tranquility or of plenty, we designed a government program to "fix it". When we consumed more than we produced at home, we simply found ways to import. When we could not pay for our imports, or for our spending, we sold bonds or printed money. When we experienced recessions, we designed so-called counter-cyclical programs funded only by increased debt. And so it is not surprising that the cycles of economic growth and recession have come to swing more severely and more dangerously.

As we prepare to inaugurate a new President of the United States we find ourselves with interest rates near 20 percent, with inflation well into double digits, with families needing homes which they cannot purchase even though builders need work. We drive on highways clogged with outdated and old-fashioned automobiles inefficiently consuming gasoline which we must import from abroad while hundreds of thousands of American auto workers are unemployed — because we are unable to compete with the production of foreign countries whose savings and investment have been triple our own rate.

We will only be able to prepare for the future, if we understand that this year, 1981, is as much a watershed for our nation as 1865 or 1933.

(Federal Funding Changes)

I believe that in the next several weeks President Reagan will call upon all Americans to accept the burdens of rebuilding a national economy, which can truly and honestly support the American dream of opportunity for all. We will be asked by our new President to greatly restrict our public spending, to turn away from over-reliance on debt as a source for funding and to turn back to the people responsibilities which were never safely entrusted to government. And here, in Vermont, we must meet our needs and our obligations to all Vermonters within that context.

It is not in our best long-term interests to try to dissuade the President or the Congress from trimming swollen federal expenditures. Instead we should plan our actions and our expenditures as those may most wholesomely respond to essential changes in federal budgets, and to the long overdue re-assessment of the proper roles of the federal government and of the several sovereign states.

We must make sure that, in the process we do not turn our backs on those in need. We cannot speak of such restraint if the fortunate are protected from the discomfort of such restraint, while the poor or the needy suffer the full consequences.

A renewed determination to make sure that the federal government addresses only constitutionally appropriate federal concerns must not become a recipe for neglect by state or local government of the responsibilities we claim are properly subject of "local control".

(The New Federalism)

Vermont must demonstrate a willingness to specify those areas in which we are willing to accept reductions in federal grants, either because we are willing to pick up that responsibility ourselves, or because we believe that the value of the service does not justify its expense by any level of government. We must assure that remaining federal programs will give us sufficient options in program design so that we can target a reduced amount of federal help to meet our own Vermont needs. We must make sure that federal cutbacks result in less waste and not less social concern. To accomplish these goals, we will need to demonstrate that the legislature, the Governor, and the people of Vermont will face up to the responsibility of choosing among priorities.

The National Governors' Association and the National Conference of State Legislatures have jointly called upon the executive and legislative branches of all states to sponsor, in each, a Convocation of Federalism. These convocations will bring together the state's congressional delegations and executive branch department heads and legislative committee chairmen, to help define and describe the ways and means by which we can establish the appropriate federal-state relationship.

I hope you will join with me in planning a Vermont Convocation on Federalism for early this spring or summer.

(The Limits of Vermont's Financial Capacity)

The budget message which I will offer you later this month will be largely shaped by these views of our times and the limits of our options.

I will start with the firm assumption that we can and must manage our obligations and our opportunities *without any increase* in broad-based, general fund taxes.

That budget will then recognize that our own general funds, even though they are already limited, must be used in part to fund some very valuable programs which were formerly funded largely or entirely by federal grants. As the result of actions taken since the legislature adjourned last spring, we already know, for example, that funding for the continuation of energy audits has been cut by one-third. We already know that federal funding for the entire emergency medical services program has been eliminated. We know of substantial reductions in federal support of programs which seek rehabilitation of alcohol and drug abusers. We know that comprehensive employment and training funds have already been cut severely and we know that law enforcement assistance, which in the past supported some valuable contributions to our criminal justice system, is coming to an end. I do not propose that Vermont necessarily pick up all or any of these programs in the

present form, but parts of *each* must, in my judgment, be maintained. I will ask you to accept funding responsibilities in *each* of these areas, because the services, at levels we can afford, are important to Vermont.

(Our necessary Set of Priorities —)

To give the people of Vermont, in 1981, the most in return from the least we can honorably ask then, to contribute, we must establish as our priorities those programs which are most essential to their fundamental rights as citizens.

I suggest we set the following as priorities:

(Education)

First, education. We can make superior education Vermont's specialty and its fruits a more valuable resource than oil or coal or even gold. Continued strong support for higher education institutions, and particularly for scholarship assistance, is vital even in a budget of great restraint. Vocational education, special education, adult basic education and special skills training programs can be decisive in earning for Vermont the opportunity for a continued trend of high employment, low unemployment and steady increases in compensation for skilled jobs, so that Vermonters will not be disadvantaged in the national market place. Even here, though these are priorities, I suspect that the budget proposals will fail to fully meet the expectations of the advocates and dedicated providers of these services.

(State Aid to Education Reform Needed for Equal Opportunity)

But our highest priority and our most powerful weapon for the future is a public elementary and secondary education school system which assures Vermont Children the *opportunity* to recognize and develop fully their individual potential. Vermont can afford the total cost of the best, the most successful, public school system in America. Because we are a state of a half mission people situated in a beautiful but mountainous and cold place, without any of the most vital or expensive mineral or energy resources of our time, we cannot afford to fail at fully developing our human potential. If we are to remain a special place, we must triumph by our wits and our industry and our sense of values and priorities.

I believe Vermonters will pay what is needed to build such a school system — if it is a fair burden, fairly distributed. Our present plan for funding public education cannot, however, provide for equal educational opportunity throughout the state.

Some towns are fortunate to have both a large tax base, consisting disproportionately of non-residential property, and few children to educate. In these towns generous school budgets can be passed while tax rates are kept at a fraction of the state average. And in these towns summer homes and factories and ski areas escape their fair share of Vermont's overall tax burden.

At the same time, parents in other towns find themselves with many children to educate and only their own residential or farm property to tax and they must often choose between ruinous tax rates and barely adequate, even inadequate, educational opportunity.

For this there is no solution available which can be met by a state appropriation. To implement the underlying philosophy of providing a state-aid fund large enough to provide the degree of equalization which the Miller Formula was designed originally to achieve, this legislature would need to appropriate an additional 60 million dollars to state aid, an amount equivalent to a 75% increase in income tax rates!

I urge you to deal with the root cause of this problem. *First*, please heed the recommendations made in this hall by a host of Vermont governors who preceded me — that effective legislation be enacted to assure that all property in Vermont be uniformly appraised at 100% of fair market value. I urge legislation which will authorize the state to hire competent appraisers to perform, at the expense of the towns, those appraisals required because a town remains, after warning, in contempt of the present law which requires appraisals to be at 100% of market value and regularly updated. *Second*, set in place a formula which establishes a state-aid trust fund based on a general fund appropriation at least as large as that appropriated for 1981, plus a sum to be raised by a uniform state-wide property tax assessed on non-residential property. *Third*, use this opportunity to

eliminate the listing and taxing of inventory, and to implement a board public policy which recognizes the difference between theoretical “market value” of farm and forest and actual use value by legislating that valuations of these properties be made at 50% rather than 100%.

(Problem Interception — Alcohol Abuse)

We must revise the basis upon which we invest in our own people. We must recognize the treadmill on which our present approach to certain social problems places us. We know that alcohol and drug abuse are often a *contributing factor* to early school drop-outs. We know that alcohol contributes to 52% of our highway fatalities. We know that large numbers of our chronically unemployed have problems with alcohol and that their problem often isn't that they can't get a job, but rather they can't keep one. We know that a significant percent of those in our correctional institutions are young people, who have dropped out of school *and* who have problems with alcohol.

We pay a part of the price at the wrong end. We pay for the costs of incarceration. We pay the unemployment costs. We pay the welfare costs. We don't, and can't ever, pay the costs of suffering — by the victims of intoxicated drivers, victims of crime, or of lives wasted in despair or by new generations raised without hope.

Let us recognize the limits of what we can do here, but nevertheless make a start towards doing something. There is no known externally-imposed cure for alcoholism. But experts in this area tell me a sound comprehensive program might make a difference for a quarter to a third of those whose lives will otherwise be most tragically distorted by this illness.

I propose Vermont mount a pioneer model effort to reduce alcohol abuse. *First*, I propose the state general fund continue essential programs in this area which are being dropped by the federal government. *Second*, I propose that we undertake a strong, sustained effort to communicate to the general public the nature and the social costs of alcohol abuse, starting in the schools. *Third*, I propose funding an alcohol-abuse counselor in each of the state's eight administrative districts to coordinate the location and treatment potential of all whose welfare, or unemployment, or criminal problems appear to be largely alcohol or drug related. I propose an expansion of project C.R.A.S.H., both as a means of removing dangerous drivers from our highways, and as a way of identifying those who need our help.

And finally I propose the state fund a community challenge program to assist communities in marshalling their resources and efforts to deal with alcoholism and alcohol abuse. This program will challenge Vermont's communities to devise new and imaginative methods for early identification and intervention in cases of alcohol abuse. We will provide financial support for those communities which design, with state assistance, programs which offer real hope of showing us new ways of coping with the troubles caused by alcohol abuse.

(The Safety and Security of our Citizens)

I believe a sense of security of person and property is essential to the stability of our society.

We must see to it that our criminal justice system makes it clear to those who would break the law that we will not stand idly by or quietly tolerate violence which makes it impossible for us to live together as neighbors and friends. Together with Vermont's new Attorney General, I will propose a series of reforms to our criminal justice system, the specifics of which will be announced within the next few days.

Included will be recommendations to increase the legally authorized sentences for certain crimes of violence, where those crimes are committed against the elderly, or where firearms are involved. Also included will be recommendations for lowering the blood alcohol level which gives rise to presumption of impairment while driving. Both the Attorney General and I urge you pass, for the second time, the Constitutional amendment to our Bail Law.

Although many more towns have local police capacity than did a decade ago, and even though some counties have considerably strengthened their sheriffs departments, this rural state still must count on the Vermont State Police for law enforcement to a very considerable degree. Our present force is well below the strength required to provide the protection and detection expected and required of it. The burdens of arson and

criminal investigating units rise at the same time the responsibilities for local patrol and highway law enforcement also increase. Therefore, I will recommend the most substantial increase ever in the strength of the Vermont State Police. I will ask for sufficient funding to recruit, train and equip 50 additional troopers and will plan to locate these additional men and women with particular emphasis on expanding the outpost system so that we will have a grid of State Police officers strategically located throughout the state.

During the past two years the Department of Public Safety has been the subject of intense controversy and concern. But throughout that difficult time the men and women who make up the Vermont State Police force have continued to do their jobs with a dignity and professionalism which deserves that their uniform continue to be a source of pride and respect. They spend long hours at difficult and dangerous work, and they receive all too little in the way of respect and recognition from those of us whom they serve and protect.

(Economic Development and Employment Opportunities)

Tight budgets do not justify a lessened determination to invest now in better jobs for the future. We list as priorities our programs for strengthening our agricultural, manufacturing and recreational sectors. I will ask for modest expansion of the program for agricultural product marketing and continued support of Vermont Industrial Development Authority grants and bonding authority.

We also list as a top priority in a time of growing fiscal constraint, adequate funding for the continued protection and management of Vermont's environmental and natural resources.

The base we laid down in the 70's and have build steadily upon has put us 10 years ahead of most other states in the field of environmental management and it has begun to repay us handsomely.

To encourage the continued recoument of one environmental dividend, last year we initiated a program of matching certain additional private sector promotional efforts to increase our travel and recreation industry.

For every dollar invested in travel promotion, experts tell us seven dollars are returned to the state from increased tax revenues. Accordingly, I am recommending a self-liquidating program of additional state promotion of the travel industry.

(Safe Highways)

Although the budget message is the proper place to deal in detail with revenue and spending proposals, any list of priority legislation must include an adequate highway system. There will never be equal economic opportunity in areas isolated from the rest of Vermont by unsafe roads designed to carry the traffic of half a century ago.

Because of events beyond our influence, income to the highway fund falls further and further behind that required to support even the minimum level necessary to provide such a system. I continue to believe the people will support any fair schedule of taxes on gasoline or vehicles necessary to maintain safe highways, and I will recommend one such schedule to you.

You will find no easier or fairer way to solve this problem than to face it squarely by providing adequate revenues within the highway trust fund to pay the costs of services traditionally charged to that fund.

(Our Obligations to Those in Need)

In an austere budget, it is sometimes necessary to measure our priorities by our ability to continue programs rather than to enhance them. While it is little solace for the provider or the recipient of needed public services, it is true in times such as these that priority status may only provide insurance that a program will continue and not be cut back.

In the area of welfare, the time has come and the opportunity has now been presented for significant welfare reform. A new administration begins in Washington amid a growing public recognition that too often those who work and pay taxes are unable to afford a standard of living as satisfactory as that provided to some welfare recipients. We can now move forward with the reform of this basic inequality and seek federal flexibility to assure that in Vermont, welfare recipients who can work will not be encouraged as a result of the

current system by receiving amounts comparable to those Vermonters who do work. Nevertheless, it is necessary to recognize that real need still exists for those who cannot provide for themselves and their families.

Although the budget which I will present to you is austere, it is clear that a modest increase in ANFC (6% to be specific) must be included. Such an increase will in no way place either welfare recipients or working poor in a position to be envied. I know of few more difficult or more important tasks than that required to eliminate inequality and inequity between those who can and do care for themselves and those who cannot.

It is evident that a 6% increase does not fully compensate for the ravages of inflation. But it is equally true that in the last three years we have increased the average welfare benefit in Vermont from \$379 to \$531 per month, a 30% increase, and those increases were at one and the same time the highest in the northeast and greater than the improvement in after-tax income of many wage-earners.

I will also be recommending to you that the state begin the first steps toward containing Medicaid expenditures. It is vitally important as a matter of public policy that we begin to bring under control what has become the fastest growing single welfare expenditure of the past decade.

(The State of the State)

Your deliberations will face you with many difficult, sometimes painful choices. Many of the problems you will be addressing will be facing legislators in every state of this union, as they meet in the months ahead.

As perspective helps us to see our problems and our duties, it should also help us to see those ways in which we should count ourselves fortunate as we compare our burdens with those of others.

Vermont is well prepared for the challenges of these times.

As long ago as 1976, this legislature, faced with receding revenues, broke with tradition by determining to reduce expenditures rather than increase broad-based, general fund tax rates.

We've been improving the operations of the machinery of government for four years. The adopted recommendations of the Cost Control Council have made it possible to wring tens of millions from budgets which otherwise would be required to support the programs we manage.

Since 1977, we have voluntarily amended tax legislation to reduce tax receipts by more than a hundred million dollars.

We will not be starting for the first time this year to accustom ourselves to living within our means. Over the past six years our state government budgets have decreased, in inflation-adjusted dollars, by at least 21% in relation to the income of Vermont's taxpayers.

In those same six years we have soundly managed the state's general obligation debt and have reduced the burden of that debt, as compared to personal income, by more than half.

We approached the need to focus on future-building priorities with some experience. We are already seeing positive results from our efforts to build up our industry, tourism and our agriculture. In past recessions, even as recently as 1973 and 1974, Vermont entered recessions with unemployment higher than the national average, lost a larger percentage of personal and governmental revenues than the national average, and ended the recession with more ground to regain than the people of other states.

So far, in the recession of 1980, the Vermont record is better than the national. At the start we had higher employment than ever before in history and our unemployment was lower than the national average. Our work force and the number employed have increased since the recession of 1980 began, and we have added a record number of new jobs in manufacturing, so that our unemployment rate is now well below the national average.

Your tasks in 1982 will not be nearly as severe as they were for your predecessors meeting in 1921 or 1935 or 1975.

This Assembly's appropriations for the fiscal year ending last June 30th reflected a common expectation of a national recession and although the general fund accounts reflected a small deficit, they also reflected very substantial cash balances in funds to which earlier surpluses had been placed.

Revenues for the current fiscal year started somewhat behind expectations as to the timing of economic recovery, and in response this administration reduced expenditure outlays by up to 3% in certain budgets. As a result, the so-called "Budget-Adjustment" Act which you will receive shortly will not ask for any net supplemental appropriation for this year.

I am pleased that overall revenues are now being received at a rate which will fully meet the expectations for this year — reflecting for the first six months more than 10% more revenues than were received in the same period one year ago.

I am confident there will be no general fund deficit facing you in this fiscal year.

For all these reasons we are in a good position to face the future — and we should do so with determination and confidence.

In changing times, when the decisions which will most alter destiny must be made, those on whose judgment outcomes depend often find themselves torn with doubts. That which seems clear and compelling to one, appears to another as of little merit or certainty.

In such times some will fail the test of history because they are sure that those with whom they disagree are of less noble spirit or intent. Others will fail because, unable to discern in the morass of conflicting opinions and beliefs a course of action which perfectly reconciles their own judgment with that of others, they will risk no conclusion at all!

I believe success will come more likely to those who can perform their duties with the advice of Justice Brandeis in mind.

Brandeis wrote "Some questions can be decided even if not answered. And it isn't necessary that one side be wholly right and the other totally wrong, because that seldom happens either . . . it is enough that the scales of judgment be tipped in one direction and, *after* a decision is made . . . one must go forward wholly committed."

I am confident that this Vermont General Assembly will face the changing times of 1981 with good will, with respect for all the opinions which must be heard if we are to find the best path of service, and with the courage, once the scales of judgment have been read, to go forward, wholly committed to Vermont's future.

Benediction

The Benediction was pronounced by Rabbi Max B. Wall, of the Ohavi Zedek Synagogue of Burlington.

Dissolution

The Governor, having completed his inaugural message, was escorted to the Executive Chamber by the Committee.

The Supreme Court was escorted from the Hall by the Sergeant-at-Arms.