

Inaugural address  
of

Howard B. Dean

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**Inaugural and Budget Address**

"Mr. President, Mr. Speaker, Members of the Court, Members of the General Assembly, honored guests, and fellow Vermonters:

"On July 29, 1900, my grandmother -- Maria Fahys Cook -- was born. At that time, her family traveled by horse and wagon, by steamboat or by rail. By the time she died 83 years later, she had lived through two world wars, the Great Depression, the Vietnam War and the Civil Rights movement. She won the right to vote, watched the automobile transform America for better and for worse. She lived when the Wright Brothers first flew, and 66 years later she watched men walk on the moon.

"The same year of Maria Cook's birth, outgoing Governor Edward Smith of St. Albans told the legislature:

"The past two years have been full of the spirit of progress and energy ... a period when the tide of affairs has run with a deep and strong current; when causes and consequences have raced along with leaps and bounds. They are remarkable as being on the border land between the two centuries from which could be watched not alone the closing sunset of the nineteenth century but also could be plainly seen the rosy dawn of the twentieth.

"The 20th century now draws to a close. You are the last General Assembly to be elected to serve in this century. I am the last Governor who will be elected to serve in the 20th Century. We have in the two years ahead of us an enormous privilege, a lasting opportunity, and a staggering responsibility to build on the things that Vermonters have done right for the last 100 years -- and to set the tone for the century that is to come.

"Every governor enjoys discussing the merits of their own state. In Vermont that is easy to do. We are a beacon of hope to the rest of the nation in so many areas. In this last century:

"We have shown that good jobs and the strongest possible protection of the environment need not be in conflict.

"We have proven that the best investments we can make are those that support small children and their families before trouble starts.

"We have taken pride in the notion that all of Vermont is one community and that our political disagreements need not take on the partisan tone of the debate in our nation's capital.

"We have shown an extraordinary record of investments in preservation of land as working landscapes; commitments well into the next millennium when none of us in this room will be alive.

"As we leave this century, we will set the stage for the year 2000 and beyond. But we also need to concentrate on the everyday needs of the Vermonters who sent us here and pay our salaries.

"As we lay the groundwork for the new century, I ask you to focus on **two issues**: *education and jobs*.

"A century ago this state relied heavily on farms to support its economy. Today the economy of Vermont, including agriculture, is increasingly knowledge-based. Low-paying jobs are migrating to other parts of the world. More than at any other time in our history, a successful economy which maintains and improves our standard of living will be based on the talents and skills of our workforce. In other words, the key to better jobs in Vermont is a better-educated workforce.

"Since last June, I have stressed four elements of improvement for K-12 education. The first is accountability. Through the New Standards Reference Exam and other assessments, which nearly every school child in Vermont takes, we are now able to compare our schools, and our children's classrooms. Now we can set extraordinarily high standards for our schools -- the highest of any American school system, in fact, the highest in the world.

"We know that Vermont's schools do very, very well on a national basis. But our competition is not New Hampshire or Texas; our competition is Taiwan, Singapore and Germany. The old way of doing business, simply comparing ourselves to other states and then patting ourselves on the back for being in the top ten, is completely inadequate.

"Now we know exactly which parts of our curriculum need to be improved and how to do it. We can even pinpoint classrooms over a period of time which are not meeting these standards, and we can use the New Standard Reference Exam and other assessments as professional development tools to help teachers find new ways of reaching kids. I commend the State Board and the Department of Education for their support and leadership during the institution of this new accountability in all of Vermont schools.

"At present, we have only one teacher in the state who is nationally board-certified, the highest level of certification that any primary or secondary teacher can obtain. Fortunately, we have an additional 21 teachers who are seeking this certification. As part of our efforts to improve standards and professional development in our schools, I ask the Legislature to appropriate \$80,000 for two purposes. First, to guarantee a stipend of \$1,000 per year for every public school teacher who is nationally board-certified, and additionally to pay for half of the \$2,000 test-taking fee for any teacher willing to undergo this rigorous certification.

"I have asked the state board of education to increase the entry requirements for new teachers, requiring that they pass a series of tests, common to all of our Vermont teacher-preparation institutions. I have asked them to complete this work by March so that the new standards are in place for this September's entering class of prospective teachers.

"There is a critical connection between better jobs and better technical education. I am asking this legislature to fund a \$9.9 million new technical education center for the Springfield region. This center will be unlike any other in the state. Students will take college courses offered by the University of Vermont. The Community College of Vermont will move into the center. These courses will also be available to the students. The center will be open nights, weekends and even over the summer, helping Vermonters of all ages improve their educational and job skills.

"In addition, there will be a new partnership leading this effort. Business people will be on the board of the new technical center, along with members of the higher education community and representatives from both sending and receiving school districts. This is a model I hope will spread all over Vermont.

"I call again for the Legislature to enact public school choice. If public schools are to survive and flourish, they must offer families more flexibility. They must reach out to all parents and students, home schoolers and others who feel that public education has not yet met their needs. Even within some families there are different needs. One child may thrive in a large school and enjoy the challenge of many different course offerings, while another in the same family may require a smaller school with more individualized attention. The parents and both students in that family need to have a choice of public schools. In Rutland County over the past two years educators have proven that public school choice works for families and works for schools. I applaud the Legislature for passing the initial school choice legislation last year, and ask you to support the bill this year that supplies the necessary details to implement public high school choice in 2001.

"I ask you to support distance learning. In Grand Isle County last October I discovered that eighth grade Algebra, which was previously not available to most of the elementary schools in that county, was being made

available through interactive television. Today the Algebra teacher at the Folsom Elementary School in South Hero simultaneously teaches the children at the Grand Isle Elementary School via interactive television. By February, this system will be available to all five elementary schools in Grand Isle County. That Algebra teacher, Mary Jane Stinson, is here and I ask Ms. Stinson to rise and be recognized for her commitment to expanding the use of distance learning in Vermont.

"We must make this technology available to all high schools in the state -- and we must do it rapidly. Last year I told you of my dismay in finding that approximately 50 percent of all Vermont high schools offer two, or fewer, advanced placement courses. Today the numbers are a little better, with about 65 percent of schools offering these courses. But we cannot claim that we are serious about improving the quality of our education if so many of our schools offer a bare minimum or, in many cases, no advanced placement courses whatsoever.

"This technology has broader application than advanced placement courses. It has been used successfully at Blue Mountain High School for languages, in Rutland High School and in Canaan for drivers education and will be used next year for other course offerings by Colchester, Milton, and Mississquoi.

"Act 60 may provide equal opportunity for every child financially, but equal opportunity will never be accomplished as long as we have high schools with 200 students being compared to schools with over 1000 students. The only way to equalize academic opportunity is to allow smaller high schools the same access to quality courses that larger high schools already enjoy.

"I have raised private money to help consortiums of high schools put interactive television studios into their schools so they can teach courses at multiple sites at the same time with a single teacher. But the General Assembly also needs to commit to equality of educational opportunity, not just by funding equalization, but by making equal academic opportunity a funding priority. Before the state makes a major investment, local education leaders must also show us that they are committed to using this technology by synchronizing their schedules so that inter-school courses can be successfully taught using this technology.

"Here is another lesson from this 20th Century: Never in our history has the value of a college degree been more apparent. The clear disparity between wages earned by those with a degree and without makes the point. Women with a college degree earn 120 percent more than women without a degree. For men the difference is 62 percent. It pays to go to college. Unfortunately, many Vermont parents and students are struggling under the financial reality of that demand. We can help.

"I am proposing a one-time appropriation from the 1999 surplus of \$10 million which will go into a self-sustaining trust fund to provide scholarships for Vermont students at the University of Vermont or in the Vermont state college system. This is money to benefit the hard-working parents and students who need a better opportunity to go to Vermont colleges, and this is money to benefit our in-state public institutions. We have sent a tremendous amount of Vermont taxpayer dollars out of state through the VSAC program -- I'm not asking you to change this. But I am asking you to generate more opportunities for our students to go to Vermont colleges and the university. This will help make up for the loss of students from other states which refuse to reciprocate with our portable system of college grants.

"I ask that we increase funding to the Vermont state institutions and VSAC by 5 percent instead of the 3.3 percent which this budget asks for state government overall. During the early '90s higher education was underfunded because of the tremendous pressures of the recession. Now is the time to try to make up some of that shortfall. It is also important for our institutions to continue their efforts to control costs so this extra money will benefit students by holding the line on tuition.

"Whatever the cost of K-16 education, I can tell you now that many of those dollars we put in will be wasted unless every child arrives at kindergarten ready to learn.

"My goal in the year 2000 is to make quality child care and early education available to every family who wishes to use it.

"Whether our kids are able to cope with life and accomplish their dreams as they get older, or whether they will become clients of our social service network, and even our prison system, is very heavily influenced by what happens to them between birth and the age of three. Despite the fact that we are envied as the most child-friendly state in the country, and despite our huge drops in teenage pregnancy and child abuse because of the Success By Six program and Dr. Dynasaur, we can work much harder for our children.

"Because of the outstanding leadership of the Agency of Human Services and the Department of Education, we have found a way to finance nearly \$6 million worth of improvements in early education and child care without additional general fund appropriations.

"I also ask this Legislature for \$50,000 to expand the school lunch and breakfast program by helping schools without kitchen facilities to build them. If this effort is successful, I will ask for an additional \$50,000 to finish this program next year.

"What will this money provide? A hot muffin and carton of milk for a child who otherwise would start the day hungry. Soup and a grilled-cheese sandwich for a child who otherwise would sit without lunch, watching other classmates eating theirs.

"Imagine a state in which every child can develop to his or her full potential. Imagine a state in which early child care and education teachers are fully respected and properly paid for their work with children. Imagine a state where no child goes hungry. And, imagine a state in which all parents can go to work in the morning secure in the knowledge that their child will receive loving care and attention.

"That state will soon be Vermont.

"I talk to parents all the time who give me the same message: They want their children to get a solid education, and then find a good job close to home.

"The day I took office I promised that my agenda would be jobs, jobs, jobs, and that has not changed in the seven-and-a-half years that I have been governor. We have seen a significant change in our economy. We have built a stronger manufacturing sector and Vermonters are earning better wages. The addition and expansion of Nastec in Bennington, Mack Molding in Arlington, ETSI in St. Johnsbury, IDX in South Burlington, and Husky in Milton -- to name only a few major industrial expansions in our state -- have provided better jobs and job opportunities for Vermonters.

"Times are good. There are more Vermonters working today than at any time in our history. We have reformed welfare and dramatically reduced workers' compensation costs. Last session we passed a ground-breaking set of tax incentives which have helped finance expansions, creating more than 3,000 new jobs in Bennington, Rutland, Orange and Chittenden Counties. These expansions will deliver almost \$10 million of additional revenue to the general and education funds over the next several years. This was a significant step in giving the business community the tools it needs to grow and prosper. But this is not enough, and we cannot wait until the next recession to make substantial investments in jobs, because at that time we may not have the money.

"I propose several expenditures now which will help the private sector create more jobs and better-paying jobs.

"First, I ask that \$7.6 million be used to re-capitalize the Vermont Economic Development Authority. This amount will last them for another decade before having to re-capitalize again. VEDA will lend money to manufacturers, tourism-oriented industries, and agriculture at reduced interest rates to allow these businesses to expand and prosper. So many small business owners depend on VEDA for this help, none more so than our

farmers. Nearly one out of four farms in this state depends on VEDA for all or part of its financing. This is a critical issue for Vermont's farm families and for jobs in other sectors of the economy.

"I propose \$2.5 million in tax credits for the so-called CAPCO bill. This will allow us to generate venture capital, a consistent shortcoming in Vermont, for the benefit of small business startups. Let us not forget that small businesses are responsible for 80 percent of the jobs in Vermont.

"I also ask this Legislature to update Article 9 of the Uniform Commercial Code and the Vermont Banking Code this year.

"In addition, I ask for the apprenticeship program funding to be increased from \$300,000 to \$500,000. I ask that job training funds in the Agency of Commerce also be increased by \$200,000 over last year's appropriation to ensure Vermont workers have the best skills for the 21st Century workplace.

"I call for an additional spending of \$2 million to fulfill our commitments made during the Act 60 debate to the tourism and travel sector of our economy. I believe that if we do this the return will be substantial. We have learned from Nova Scotia in particular that better regional marketing and use of the internet can cause tourism business to skyrocket. The Internet will finally provide us with the tool for making real marketing of small tourist businesses possible for the first time. For example, the Manchester Highlands Inn in Manchester Center is run by Robert and Patricia Eichorn. In the 1998 foliage season, the inn did nearly 49% of all its business over the Internet. Bob and Pat are here today and I ask them to stand to be recognized for their leadership in this effort.

"This is a worthwhile investment and this Legislature needs to put business up front, and make these kinds of commitments to show that we are serious about jobs.

"One thing that even a century cannot change is our need to be fiscally prudent. The foundation of having a strong business climate in Vermont is to control state spending. I appreciate your support over the last seven years and I ask that we continue on this course. I am presenting a General Fund budget that will grow by no more than 3.3 percent. Although we have additional revenues, we cannot build a base which is not sustainable. Higher education and jobs must come first during this legislature, but so must maintaining a strong commitment to fiscal responsibility.

"I am presenting today a capital budget of \$39 million. Over the past two years we have saved \$4.8 million in interest costs alone because we have no short-term debt. In addition, last year was the first year in memory where the amount of debt *per capita* in this state went down because we retired more debt than we issued. Any Vermont family with a credit card understands the benefits of reducing debt. For the first time in seven years we enjoy a double A bond rating from the Wall Street rating agencies. While we ought to congratulate ourselves for our hard work on this front, it is extraordinarily important again to maintain the fiscal climate the state now enjoys. By continuing to respect the limits recommended by the debt affordability committee, we will continue to reduce our debt, and finally reach the committee's *per capita* debt target by fiscal year 2002.

"In Vermont today, this government has more money than it can responsibly spend.

"I ask this General Assembly to send a strong message to those who create jobs in Vermont and to those who fill them by cutting the income taxes of all Vermonters.

"*First*, I propose to this Legislature that we reduce the income tax by 8 percent to a rate of 23 percent of our federal income tax. Working Vermonters helped out when times were harder; now they deserve a break in the good times. In addition, this sends a clear signal to employers across the nation that Vermont is serious about improving job opportunities.

"*Secondly*, special attention should be paid to those who struggle at the lower end of our salary range. I propose removing thousands of our lowest wage earners from the state income tax rolls entirely. These are Vermonters who are committed to working and supporting their families. Even a small tax break will help these workers pay the rent and keep food on the table. The total cost of these tax cut proposals is about \$35 million.

"We cannot talk about better jobs without talking about infrastructure. During the last campaign I made it clear that I would ask the Legislature to double the number of bridges that we will repair or replace this year. I have laid that transportation budget before the Legislature, and I ask you to pass that initiative. In addition, the amount of money I will ask the Legislature to spend on paving is \$59 million this year, which is 53 percent over what we requested last year. Our focus will be on repairing the bridges and repaving the roads we already have.

"There are large projects on the books, but clearly we cannot do them all at once. My highest priorities are the improvement of Route 7 between Middlebury and East Dorset, and the construction of the Bennington bypass. I said last year, and I have said previously, that the most crucial transportation needs that we have are in southwestern Vermont and we must honor the commitments made many decades ago to bring a first-class transportation system to Bennington and Rutland counties.

"To help support a better transportation system, I will ask to permanently transfer the 3-cent gas tax currently in the education fund to the transportation fund. Over the next three years this will amount to a \$19 million transfer.

"Utility restructuring and reduction of our electric rates are also critical. My ultimate goal is to try to reduce electric rates over a period of years. I have said repeatedly that our competition is not New England; it is other regions of the country and the world. To think that our electric rates are satisfactory because they are the lowest in our region, a region which happens to have the highest rates in the country, is not consistent with good economic development policy. I do not have at this time specific legislative proposals simply because there are extremely intense discussions taking place in the private sector between HydroQuebec, the independent power producers, and the state's utilities. We want to work closely with the Legislature on the issues of protecting our municipalities against ultimate liabilities for the HydroQuebec contract. In addition, there is very helpful legislation introduced in the Senate dealing with excessive revenues received by electric power suppliers at the expense of the Vermont ratepayers. We certainly will be supportive of that legislation as we continue to negotiate in the private sector. Should these negotiations break down, I will come back to the Legislature during the session to ask for additional help.

"Health care is a crucial issue for working people. Last year we passed the strongest bill in the nation designed to protect Vermonters against the abuses of HMO's. Now we need legislation to preserve the non-profit status of our hospitals and HMO's. Although I am a strong supporter of the private sector, there is a fundamental conflict between investor-owned HMO's and hospitals which have a fiduciary responsibility to their shareholders, and health care providers whose first duty is to do what's best for their patients.

"In Vermont we have insured nearly every child under the age of eighteen. But their working parents are not as fortunate. As you know, because of the leadership of Attorney General Sorrell, it is likely that at the end of the next fiscal year we will receive the first down payment on nearly \$800 million from the tobacco companies. Although money from the settlement will not come to Vermont until June 30, 2000, we can now set up the mechanism and properly appropriate that money. I propose that we set up a special trust fund and that the money be spent to educate Vermonters, particularly young Vermonters, about the extraordinary dangers of smoking. Tobacco is an addictive drug that claims the lives of nearly 1,000 of us in Vermont each year. We need to use this money to make it as difficult as possible, and as unattractive as possible, for Vermonters to get caught in this addiction.

"I also believe that substantial amounts of this money ought to be used to improve the health care of working Vermonters who cannot afford health insurance. I am proposing that we expand the Vermont Health Access

Program, which includes assistance for seniors in buying their expensive prescription drugs. I will resist, however, any program that does not have co-payments for those who can afford them.

"I want to turn now to other needs for the next century. We have an extraordinary opportunity to preserve what we value about Vermont's landscape and keep our sense of community. If you think these values are not at risk, look around you at other states: forest lands stripped, big-box stores turning downtowns into ghost towns; grazing fields now supporting condominiums. We in Vermont have a rare gift, a chance to encourage the best growth possible, while holding off the worst aspects of urbanization paving over too much of America.

"As you are aware, the Conservation Fund has purchased the Champion lands. The closing is scheduled for April 1. I view this as a critical development since it is likely that had this not occurred, these lands could have been divided into large estates, private hunting preserves, and other uses - which would have meant the end of a way of life in Essex and northern Caledonia counties. I am asking this Legislature to appropriate in the supplemental budget the sum of \$4.5 million to allow the state to guarantee that the former Champion lands will always remain available to the public for snowmobiling, hiking, hunting, and other forms of recreation. This land will continue to remain a working forest, available to the logging industry and a resource to help develop our value-added timber industry. We negotiated a similar deal with the Hancock Timber investors some years ago, and I think most people in the Northeast Kingdom would say that it has been successful.

"The late Governor Deane Davis said in 1970, 'We cannot make a national park out of the state, but neither do we need to create a commercial jungle. How can we have economic growth and help our people improve their economic situation without destroying the secret of our success, our environment?'

"The answers will not be provided by intensified regulation. The business community and development interests, state and local government, non-profits and local citizens working together will find solutions which respect Vermonters' values and desires for open space, a strong sense of community and economic opportunity. What an opportunity we have in the next few weeks to leave to 21st Century Vermonters the gift of 130,000 acres of natural habitat and decent job opportunities.

"There are other tasks ahead of us.

"I have appointed a governor's advisory group to see what changes we might make to Act 60 that will try to bring Vermonters together. This will require compromises on all sides. I will not back any changes to Act 60 unless they have support of both Republicans and Democrats in this Legislature, and unless those changes have general support of both sending and receiving towns. This is a time for healing divisions, not creating new ones. There are specific fixes for small businesses, for farmers, and for the sharing pool, that could be accomplished with compromise. But most importantly, I will not allow the fundamental principle of Act 60 -- that every Vermont student will have the same opportunity for education as any other Vermont student -- to be taken away. I encourage legislators of different parties and different beliefs to work together and find the compromise necessary to end the emotional debate over how to achieve equity in the fairest way.

"There is another issue requiring equity and fairness that is far more important than the way we fund our schools. By the year 2050 there will be more American citizens of non-European descent than there are those of European descent. Vermont has long been known as the least diverse state in the nation. That is rapidly changing. Today 11 percent of all the students in the Burlington school system are students of color. That is a ten-fold increase in the last 20 years. Because Vermont is only now becoming a diverse, multi-cultural state we have an opportunity to avoid mistakes made elsewhere. It is extraordinarily important that we begin now to set a tone which condemns racism and makes sure that all citizens are equal and accorded the respect they deserve. We must learn as Vermonters to respect each other for who we are, not what we are. Dr. H. Lawrence McCrorey of the University of Vermont has said, 'Multicultural education is not the best we can do for our students; it is the least we must do for them. Without it, we will be preparing a citizenry devoid of global understanding and ill-equipped to function in this rapidly changing, diverse society. . . . Of all the social forces,



education has the greatest chance of bringing about change, ridding our society of the `isms', and moving us towards a real democracy where justice and fairness prevail.'

"Larry McCrorey is with us today, and I ask him to please stand and be honored for his lifetime of service to the state in promoting understanding among all Vermonters.

"I have evaluated many programs to attack bigotry and prejudice, and some are being used successfully in our Vermont schools today, but I am convinced that children of all colors need role models of all colors in order to humanize our differences. Therefore, I propose two appropriations. The first is \$100,000 to the Coming Home Foundation to be matched by them on a one-to-one basis. This program recruits Vermont high school students of color and supports their higher education aspirations in order to keep them in Vermont in secondary and elementary teaching positions. These Vermonters become role models for all young Vermonters and can serve as bridges between minority and majority communities.

"*Secondly*, I propose \$30,000 in pilot grants to three public schools that are willing to undertake year-long efforts to promote tolerance, diversity, and understanding among different ethnic groups in Vermont.

"The United States is the most diverse nation on earth. Our school system binds us together and gives us a forum for understanding who we are as Americans of many different backgrounds. In Vermont we have a greater opportunity for dispelling unwarranted, preconceived notions of each other, and I believe these programs will help us continue along that course. It is not an exaggeration to say that our survival as a country depends on our ability to respect each other and build upon our differences rather than allowing those differences to divide us.

"Governor George Aiken had this view from his window in 1938: `I look off to the east and see Mount Monadnock rearing its peak through the clouds. Tonight the lights of the neighbors\_ houses twinkle in friendliness and neighborliness from a dozen locations. Some of these neighboring houses are better than mine, some of them not quite so good. None of us would willingly move away.'

"My hope is that 100 years from now, as the governor takes the podium to address the Legislature of 2099, the view from Governor Aiken's window -- indeed the view from the lives of every Vermonter -- remains the same.

"None of us would willingly move away.

"Thank you."