

Times Argus

This is a printer friendly version of an article from www.timesargus.com

To print this article open the file menu and choose Print.

[Back](#)

Article published Nov 8, 2009

A taxing question: Futurists ask: Can Vermont have it all?

By KEVIN O'CONNOR Staff Writer

The state's \$6 billion annual budget provides taxpayers with everything from snowplowing to subsidized health insurance. Seemingly the only thing that's missing is enough money to fund it.

"The socially progressive policies that help support those in need in the state are a hallmark of Vermont," says the nonprofit, nonpartisan Council on the Future of Vermont, "but also strain the financial and delivery systems in place today."

Vermont regularly makes national news as one of the healthiest and safest states. But rising costs for medical care and rates of imprisonment are squeezing a budget already burdened by schools, roads and bridges.

"The ideal of picturesque farms, quaint villages and small shops held together by a small school and local church has its reality but can also be romanticized," the council writes in its report, "Imagining Vermont: Values and Vision for the Future." "Like any place, Vermont has its share of social ills such as crime, domestic violence, drug abuse, poverty and hunger."

Vermonters want solutions. But more than 85 percent of those surveyed voice concern about the state's tax rate — sixth highest per capita in the nation and 38 percent above the U.S. average.

"Tax, tax, tax!" one Dorset resident told the study group, complaining Vermont has "a prince's palate" and "a pauper's resources."

So how can the state balance its budget today and tomorrow?

The problem

The council, surveying almost 4,000 residents at more than 100 meetings, heard much talk about the state's largest and longest-running challenges: how to pay for education and balance its environmental and economic needs. But it also recorded several other costly concerns:

— Consider crime. Vermont is one of five states with the lowest combined rate of homicide, rape and robbery, the council found, at only 29 percent of the national average. It has 400 prisoners for every 100,000 people, compared with 1,000 or more

in many other states. Its correction cost per citizen is \$150, compared with New York's \$248.

But collectively, the bills are skyrocketing. The state Corrections Department budget rose from \$38 million in 2004 to \$113 million in 2008, with its number of employees (more than 1,000) now second only to the Agency of Transportation.

"There is widespread concern among Vermonters that the costs of the criminal justice system have grown out of proportion to other needs in the state budget," the council says. "Other parts of the Agency of Human Services (such as Department of Children and Families) have had sizable cuts in their state funding."

— Then there's infrastructure. More than 98 percent of Vermonters ride in personal vehicles on any day, traveling an average of 36 miles. This not only accounts for one-third of the state's total energy use, the council says, but also strains the transportation system.

Vermont has more roads in need of repair — 25 percent are considered in "mediocre or poor condition" — compared with 17 percent nationally. Some 35 percent of Vermont's bridges (967 of 2,690) are deemed "structurally deficient" or "functionally obsolete," 10 percent higher than the rest of the country.

"Decades of deferred maintenance," the council quotes the Agency of Transportation, have "pushed structure need above annual funding levels."

(Water and sewer pipes are no better: "Some infrastructure issues get talked about because they are exciting — such as new railways," the council says, "while others, such as sewer systems, may not be as thrilling but are just as essential to community development and business growth.")

— As for health and safety, Vermont's aging, rural population faces a shortage of primary care physicians and a squeeze on often-volunteer police, fire and rescue squads.

"The future of local emergency services is similar to the future of local small schools," the council says. "Many Vermonters value them but at the same time, given rising costs and staffing challenges, question the need for duplication and would like to see a concerted effort to consolidate and save costs."

— And capping its short list with energy, the council notes Vermont's use of electricity and fuel is rising at a higher rate than the national average, with the state's per capita demand up 13 percent and total use up 25 percent since 1990. More than two-thirds of its plug-in power, however, comes from Hydro-Quebec dams in Canada and the Vermont Yankee nuclear plant in Vernon, whose contracts and current rates will expire between 2012 and 2015.

"While many believe the state is facing a crisis, both today and in the future, they think that Vermont has an opportunity to come together and to be a leader in finding new solutions," the council says. "Many Vermonters see a huge opportunity for the

state to do something new and innovative in clean energy generation because of its size, scale and natural resources. Its sun, wind, water, farm and forest resources are seen as key."

(As long as your proposed windmill or water turbine isn't planned for their backyard, many add.)

The solution?

What to do? People who testified before the council offered more questions than answers.

"Vermonters are conflicted about the goals of progress yet united in wanting to see positive movement forward," the study group reports. "This sense of balancing challenges and contradictions extends into conversations about economic development and land use, education and youth, infrastructure and investment, as well as public and civic life."

To foster continued public discussion, the council caps its 112-page report — available on the Web site www.futureofvermont.org — with a few recommendations:

— To reduce crime, the state should increase rehabilitation to lessen repeat offenses.

"Vermont needs to lead in providing social services," the council says, "prevention and drug treatment to break cycles of substance abuse, crime, and incarceration, to expand its leadership in developing alternatives to incarceration when appropriate, ways for those guilty of offenses to make amends and restitution, and education and training to help individuals find productive vocations as contributing members of society."

— To manage infrastructure, the state should "invest fully" in not only road and bridge maintenance but also busing, railways and bike lanes that cut fuel use and pavement wear and tear.

Less than 1 percent of Vermonters uses public transportation, compared with 4.8 percent nationally.

"Rural transportation networks for commuters," the council says, "could join with municipalities and schools to provide busing services, allowing students greater mobility, seniors more access to more events, and working Vermonters alternative transport to their jobs."

— To boost health, the state shouldn't simply rely on national reform efforts but also seize on its small size to initiate "reasonable changes that are achievable," including the development of rural health centers, incentives to recruit and retain professionals, and more preventative care and phone and Internet options.

Also, the state should view its aging population as a resource for volunteerism and philanthropy.

"Vermont's retirees come with skills and resources earned in productive careers," the council says. "These are sometimes underutilized assets for local communities."

— To provide energy, Vermont should "dramatically expand conservation in all state facilities" and explore production options that are "clean, green and economical."

"State government should lead the way," the council says, "in expanding renewable energy generation and fuel development to meet its institutional needs."

— And to help others balance their budgets, the state should help the 7.6 percent of Vermonters living in poverty through financial assistance that supports rather than penalizes recipients who obtain jobs or wage hikes.

"Many Vermonters expressed an interest in seeing the welfare system reformed," the council says, "saying that it was 'easier to stay in the system' than get a job, because people supported by the state have disincentives to support themselves."

What it means

Although Vermonters of all incomes complained about taxes, the council ultimately discovered the issue wasn't so clear-cut. Many testified they didn't mind such bills if they believed they were getting their money's worth.

"I'm proud to pay taxes," one resident said, "because I know it's going to be shared."

And a council-commissioned study, "Vermont in Transition" by the Center for Social Science Research at St. Michael's College in Colchester, found that although state tax revenues have risen constantly for the past 30 years, taxes as a percent of per-capita income demonstrated no clear trend.

A 2007 study by the Legislative Joint Fiscal Office determined Connecticut, Maine, Massachusetts and New York all have higher per-capita state and local taxes, while Vermont's business and income taxes, on the same basis, are the third and fifth lowest among 12 similar states.

Vermont has relatively low taxes for lower-income payers and relatively high rates for high-income individuals, the council concluded, "making it one of the most progressively taxed states in the country."

So who says taxes are too high and their resulting benefits too low?

Like any other issue, it depends on whom you talk to.

"One forum participant made the claim that the quality of life is tied to low

expectations," the council reports. "Vermonters accept dirt roads, some lack of services and minimal infrastructure because that's what it means to live in a rural area. Conflicts can arise based on demands for services that work well in more urban settings or that newcomers expect to see as municipal services; things that other Vermonters might not have traditionally paid for, may not feel are needed or do not want to support."

With its report, the council has ended its research. But the study group's main sponsor, the nonprofit Vermont Council on Rural Development, is working to ensure the results are just beginning.

Several organizations — including the state auditor's office, Vermont League of Cities and Towns, school Superintendents Association and regional planning and economic development officials — are discussing ways to streamline government, says Paul Costello, executive director of the Council on Rural Development.

Costello's outfit, for its part, is collaborating with state officials on programs and policies to foster jobs and a "working landscape," and has applied for federal stimulus money for a nearly \$4 million Internet project to improve civic, economic and educational opportunities in 24 rural communities.

"In the end, the report challenges leadership," Costello says. "We believe our role is to encourage people to line up to get the bigger things done."

Because tomorrow, the council says, is being shaped today.

"Many expressed deep concern that the facts and ideal of Vermont are diverging," its report concludes. "If not addressed, the discrepancy between our vision for Vermont and the challenges we face — such as decaying infrastructure, increasing incarceration rates and decreasing affordability of housing and other essential goods and services — can lead to the destruction of what we say we love most about the state."

kevin.oconnor@rutlandherald.com
