

COUNCIL ON THE FUTURE OF VERMONT

PRESENTER NOTES

To the Council on the Future of Vermont at Monthly Mtgs
Oct 2007 to August 2008

The Council on the Future of Vermont had presenters join the regularly scheduled monthly meetings and share their ideas and concerns for the future of the state. These presenters would often join to discuss a specific theme: agriculture or economy, education or wealth and poverty.

The following document includes the notes from each of these monthly meeting sessions with the Council on the Future of Vermont.

It is important to note that this document and the opinions represented here are **not the official opinions of any group or organization, including the Council on the Future of Vermont. The notes represent the testimony given by individuals.** This document is one of the many appendices to the *Imagining Vermont: Values and Vision for the Future* report.



OCTOBER 2007

HISTORY OF VERMONT PUBLIC DIALOGUES

Paul Gillies

Greg Sanford (absent)

Paul Gillies, our guest speaker, opened by apologizing that Greg Sanford couldn't join us, but that he had asked Paul to remind us: "We all live in someone else's future."

Paul's presentation touched on various resources that he has found useful over the years in terms of understanding and researching Vermont. He mentioned the following:

- The VT Room of the State Library – where all reports and commissions are stored and where it feels that one can sit and read about the dreams and changes and hopes that the state government has documented.
- Dorothy Canfield Fisher's *Vermont Traditions* (title correct?)
- *Rural Vermont: A Program for the Future*
- Walter Nutting's *Vermont Beautiful*
- James Davy Butler's *Deficiencies in Our History*
- Frank Brian's *Real Democracy*
- Inaugural and Farewell speeches from Vermont Governors (available online at Greg Sanford's state archives)

Paul's advice and thoughts for the Council were that we seize not on the similarities about Vermonters that we should protect, but the qualities of diversity that exist. He suggested that every generation that has thought about the future looks far ahead in hopes that it can influence what will happen. Often in these projections of Vermont character writers, novelists, poets, etc can become too sentimental, and Paul urged the CFV to think critically about including the 'dark side' of our Vermont values in our report as well. The program and process of the 1929 Commission was more comprehensive than others and he recommended that while we shouldn't emulate the process of public forums solely, we should try to reach as many and more Vermonters as they did. He emphasized that there is nothing better than listening to people and that as a Council we have to be ready to hear things we may not want to hear – things that might shatter our expectations and ideas. He also suggested that a process such as this might be easily co-opted by private interests and should be well managed. He expressed hope that the product will inform for generations to come.

Paul also suggested that the Council itself shouldn't try to answer our leading/guiding questions but should try to illustrate, by example, what the issues are and what the areas are for change. The last chapter of our report, he believes, should not be policy recommendations, or we've failed in our duty. He reminded Council members that they are standing on the shoulders of the generations behind us who have undertaken these discussions and that our challenge is to find a way to get people interested in the subject.

NOVEMBER 2007

CHALLENGES AND OPPORTUNITIES IN THE FUTURE OF THE STATE

Chuck Ross
John Cohn
Daniel Hecht

▪ **Chuck Ross, State Director, Office of Senator Patrick Leahy**

Parameters for Chuck's perspective: emerging global ecological crisis that threatens our fundamental ability to exist as a human species on the globe and the trend toward connectedness and interdependence of all living creatures is increasingly evident and important. One evidence of this connectedness is that areas in ecological crisis are also most often in economic, social or political crisis – they are matched up around the world.

Chuck believes that ecological trends are at an increasingly critical rate toward failure or crisis and we, as the human species, need to match that with positive behavior. How do we influence that arc of positive behaviors? That is the priority for today, for all of us as global citizens. If we don't look at things through this lens we will threaten all life, but especially human political structures.

Where do we need to go? What changes to look at? We need to re-define how we self-actualize as a person, a society and a community. The Metric for the new model needs to be measuring the size and impact of ecological footprint. It needs to be focused around the time and interest in pursuing relationships. If we pursue this – it will change how we act in life. We also need to be looking at the news and measuring acts of Peace, not acts of War.

Chuck's vision for the future:

- We need to see community based ecological economies, built, grounded and designed with knowledge as their competitive advantage. Integrated, micro, ecological, economic model that is integrated at the appropriate levels into the global marketplace.
- We need to harness the power of the market, which has been created by humans to determine the interactions of humans.
- We need to have big business facilitate and market the advantages around the world. The business community around the world is one of the most efficient, most resourceful sectors at moving resources.

What's Vermont's role?

- We're a pretty unique self-selected population of people.
- We share common ethos around environmental sensitivity, independence, self-reliance.
- We have a limited number of things that we have competitive advantage on around the rest of the world. Quality of life (QOL) we have is a competitive advantage for VT, so we need to care for QOL and self-select for people,

industries and economic activities that will build knowledge and export it to the rest of the world. Continue to build and reinforce QOL to attract these opportunities and demonstrate build and live models of community that are based in ecological model.

▪ **Dan Hecht, Executive Director, The Vermont Environmental Consortium**

Dan believes that we are in the process of leaving an era and entering a new one. It is defined largely by ecosystems and populations, but also natural world is much battered and resources coming depleted. Political and economic systems are being overused. Systems theory says that we're entering a period of instability because we've gone out of feedback loops – but punctuated equilibrium is what we see instead.

Dan sees 3 realms as being important in the future: environment, democracy and economics. Since Chuck covered much of the environment ground, he will focus on the other two elements. Dan believes that as a citizenry we don't respect or understand the mechanisms of democracy really well. There is a balancing equation in it — common good vs. personal rights or majority vs. minority – which is nuanced and not easily translatable. Dan spoke about democratic models in the natural world, and how we should develop a system of testing these out and of questioning whether certain models work or don't work for humans. This involves asking ourselves about human kind, how we make decisions, how we organize and implement those decisions (laws, voting, etc) and how we allow for feedback and flexibility in those systems. In the world, in the short term, Dan believes the prognosis for democracy is dark.

But Vermont has a small enough scale to do this – to find a model for democracy that works for us.

Economics: the neoclassical theory that we have been using doesn't work for the environment. We are increasing our wealth for and at the expense of our environment, our lives, etc. The concept of infinite growth is killing us and our world's resources. The common good is not a purpose of the current economic system, just individual contentment. When we lose the ecosystem services that are often externalities all the political and economic systems will collapse. The social costs of the current economic system are not tenable.

Democracy and the economy are now convergent factors with the environment. None of these can succeed, unless they come together for the common good.

Dan's vision for the future:

1. new indices of social well-being, that can help become predictive tools.
2. ecosystem services and valuations that we can measure, and how do we measure human activity through these.
3. social and community based behavior systems – co-housing, CSAs, new models of humanitarianism, new business models and theories that figure out solutions.

▪ **John Cohn, IBM**

John is a fellow at IBM and a global employee – no place is convenient to live so everywhere is convenient. If people can live anywhere they will live in the place that speaks to their heart, which is why he chose to live in Vermont. The people who live here, LOVE being here, even though their businesses may not.

John sees a shift in the business scale of the world and that Vermont is right now poorly situated to take advantage of that because technology is such a vital piece to attracting businesses. Energy costs are one of the real drivers of big, global business, which is part of the reason more and more business and communications are going digital. The world is truly flat; companies rely on dividing their workflow around the world. Pieces of work flow throughout the day across the world. Globalization is about having the whole world's marketplace at our fingertips. We need to make it possible to work wherever and whenever, but do it from Vermont.

In Vermont there is poor and uneven telecommunications coverage – and if we're trying to attract a balance of ag, etc, if you want to bring in globally integrated people, you need to make the communications coverage better. Cost of utilities and regulatory barriers make this a particularly hard place to do business. We also have a relatively poor system of transportation – it's not easy to get from here to there. If we're going to build an intellectually important workforce, we need to do it in-state, not go out of state. Our students, even when we can attract them, go elsewhere.

How is Vermont well-situated?

- VT has an ecofriendly and green brand that positions us well for renewable and sustainable energies.
- We also have a manageable infrastructure – and some flexibility – for adapting to change.
- We have a systemic ability to be inventors, engineers, etc. There is a creative spirit here, or cultural momentum, that we need to leverage.
- BUT the biggest strength we have is quality of life. By trying to be like everyone else, and make it so everyone can work here, we strangle the golden goose.

John sees that the major advances in technology, like nanotechnology, which comes from a fundamental ability to manipulate matter. Small and clean and very sophisticated industries can be created. John emphasized the following points: hyper technology that will grow more fallible as it grows more complex, understanding and analyzing data in ways and at speeds we've never done before (i.e. computer modeling for ecological systems), using renewable energies to build this super structure so that it is sustainable, and planning for both the good and the bad (i.e. a disaster scenario needs to be modeled as well).

John's recommendations for Vermont in the future:

broadband internet, high speed cellular process, local mass transit, education (science-technology-engineering-math), state collaboration with state educational institutions, emphasis of the green and sustainable brand and high quality of life as our competitive advantage in a global marketplace.

DECEMBER 2007

SPECIAL SESSION

Governor James Douglas

On Vermont Values, Challenges & Opportunities and Priorities for the Future

Governor Jim Douglas joined the Council on the Future of Vermont meeting promptly at 1.05pm and was introduced by Tom Debevoise. He began by explaining that he thinks it's a good exercise to think about the long term – that Vermonters (and his position) often require thinking short term. Governor Douglas listed a number of Vermont values that are “deeply engrained and evident throughout centuries”, including; independence, democracy, individuality, respect for one another, respect for the natural world and a willingness to protect its beauty, fairness and assistance to those who “need help along the way” and a charity for one another.

He stated that his goals for Vermont are for every person to have hope, opportunity, and prosperity. He described that this would entail each family having the opportunity for decent jobs, comfort, and education for kids, and the ability to pass this on to future generations.

The Governor explained that he thinks of Vermont in terms of our global competitiveness, not just in comparison with other states, but across the world. The rate of change and the rate of information exchange is what most concerns Governor Douglas, and what he'd like to focus on. (He gave examples; like “more scientists alive today than ever before time, every college graduate in India speaking English, and change occurring at a rate 4-7 times faster than that of a century ago, etc”). To be able to anticipate this quickly changing future, and train our children for “jobs that don't exist yet and problems we don't know”, the Governor outlined two areas of importance for Vermont:

1. exchanging information through telecommunications. Strategy in VT – to provide universal access to broadband and cell service. Vermont will need to have this option – for business and creativity. “But we also have to do it for farmers – for example, checking milk prices on line or out in the field instantly”. He believes the society that doesn't have this will fall behind.
2. education in general. He emphasized STEM curricula – science, technology, engineering and mathematics and our educational system here in Vermont needs to be more creative and adaptable. He believes that the educational system is somewhat antiquated – “that if Ben Franklin were to come back today, it would be the only thing he'd recognize in our society”.

Panel: “Vermont’s Brand, Past and Future”

Bill Stenger

Roberta McDonald

Andrew Meyer

▪ **Bill Stenger, Jay Peak**

Bill’s business is the ski industry, the recreation and tourism sector and the beauty of our state. He’s in Orleans County – a tough economic place to do business – but “one of the most beautiful places in the state”.

Bill spoke on how his view of the Vermont brand and the attractiveness of our state to any tourist could be shallow if there is no social fabric with equality tied to it. He stressed that the beauty that we have is only functional if it operates as part of a greater whole that provides for all our needs. He illuminated his view on how tourism, brand identity and social fabric fit together for this state by describing his ‘TEAM economy’ concept.

“T – stands for travel and tourism (25% of economy in state) including arts and cultural activity.

E – stands for education and health care. I put these two together. Vermont has 20+ colleges and universities, hospitals, schools, etc. This is also about 25% of economy.

A – means a viable agricultural industry. This industry needs to be nurtured, supported and recognized as the foundation of our brand and our state. Without it in a healthy manner, the other components of our brand falter. About 25%.

M – means manufacturing. Not necessarily producing widgets, but creating ‘things’ including knowledge based, like software. Lots of people here are business people (also 25%).”

Bill believes that Vermont is an island of unique character – although it is surrounded by a great population and faces challenges to be what it is not – we can only maintain what we have if we respect and think about all the pieces tying together. None can survive without the other, and none of the four should have tunnel vision about its own problems, opportunities or challenges.

▪ **Roberta MacDonald, Cabot Creamery**

Roberta began by identifying those members of the Council she has worked with for many years on brand identity, marketing, Vermont in the marketplace or food and dairy. Roberta does a lot of research into what the world thinks about Vermont. She stated that as a state, we have failed to coalesce around the fact that we’re a small group of people with access to all the markets we have. She said that while many Vermonters who live here don’t appreciate what they have, many that have moved away and returned have decided to bring back what they found with them. She spoke about the market reach of Vermont and places even in the United States where Vermont is a ‘city’. The romantic “image of Vermont as the way America used to be can be damning when you’re trying to attract creativity.” She believes that the trends of the world are starting to influence us in ways that we can’t or haven’t had time to sit down to think about.

She believes that the Council should be talking to business people; those who are really running the state, because they are actively engaged in selling it and creating the brand identity for it. She is tired of politics, and finds models such as food cooperatives presenting the most interesting and breathtaking business models – and worthy of state support. She also stated that we need more “visceral tangible distinctions in the marketplace, otherwise we only create a bland second home owner platform to escape city life”. Banning billboards was one example of this aesthetic and societal distinction - Cabot Creamery model of business and marketing where they didn’t bankrupt the farmers, is another example.

▪ **Andrew Meyer, VT Soy, VT Natural Coatings & Hardwick Incubator**

Andrew grew up in Hardwick and runs a dairy farm there, and he described his two companies – Vermont Natural Coatings and Vermont Soy. In starting these businesses he talked about the association from VT, which includes a traditional work ethic and quality of value. He posed this question: “how do you show the world that you’re innovative and you’re high quality and you’re presenting the actual truth of VT?”

Andrew believes that we should present our products in a way that people will like, but also in a way that would bring the manufacturing here as well. Designing images and brands that compete in BIG markets is tough – any product should present the farmer from Vermont, but also look good (not folksy) and taste a whole heck of a lot better. Andrew talked about ‘telling the story’ of the product, and that this is part of what interests people – and how products can draw in all the elements of living in Vermont. He also spoke about the agricultural-related industries in Hardwick and the attempt that’s underway to put together an agro-eco campus for the purpose of sharing resources and being a business incubator. He said that the most important thing is the partnerships that can be established and that the initiatives come from the business sector.

As any start-up business will tell you, it’s the costs that are the first issue. He emphasized that although there are great new trends in agriculture, in food and value-added manufacturing for Vermont, the business environment could be easier on start-ups by reducing the fiscal strain.

The Council then turned to specific questions of the speakers. The danger of ‘becoming something we’re not’ was discussed, and our presenters seemed to agree that Vermont has unique elements that are worthy of preserving. Big box stores was an easy example of something that was ‘not typically Vermont’ and purchasing cooperatives as a structure that can keep our local communities in place. Bill Stenger emphasized that those that move to Vermont should understand the identity of Vermont and have an appreciation for it.

We also discussed what working life for families would look like in 20 years. There was some discussion of demographics and the challenge of accommodating a population that is much older. One future could be to make the state a beautiful place for resort living and

healthy retirement, but Roberta expressed hopes that there are jobs in Vermont in 20 years that will attract young people and that older folks will have something to do past retirement. Bill suggested that a level playing field in communications will be crucial in 20 years. If that can be accomplished (digital technology to provide high speed internet) the state will be able to better address this cycle of young people we now see. There is a draw on resources that came clear when he worked on the 'Next Generation Commission' in the retraining and supporting young people who don't leave the state; but if we can focus on technical education and career training using the communications technology, we'd fix that problem. He suggested that government is the only place where that gap could be addressed. Roberta added that mentorship programs with businesses allow students to have access to careers through experiential education – something that is exciting and stimulating for them.

The Council and the speakers discussed technical education and career training in some detail. It was stated that the trend in Vermont reflects a cultural issue in the country that technical education is somehow inferior. There are a number of states trying to attract the best students to technical education. The example of North Country High School was given by the speakers of a method in which schools could engage in tech ed in an economical way. They emphasized that there are not so many kids in the state that we couldn't take some bold measures and move quickly.

It was asked to what degree our Council think that VT's development is dependent on unique entrepreneurs who have influence, or if there are strategies to extend these benefits to the whole state? The speakers seemed to agree that highlighting successes – such as Hardwick, North Country high school and other places – could conceivably support these efforts and hold up successful models to encourage others. Roberta emphasized her belief that unless kids and adults could see the innovation that's happening in the back hills of Vermont, they will never be inspired to stay or return here. Andrew added that success comes when a community gets behind something and when there is a strong shared vision. It can include school kids, retirees, business people – and you can teach about the interconnectedness of a food system, for example.

Near the end of our discussions with the speakers, the concern emerged about relying on the Vermont brand identity too much, and the realization that it can't alone create solutions to the challenges the state faces.

JANUARY 2008

PROSPECTS FOR THE VERMONT ECONOMY: CHALLENGES AND OPPORTUNITIES

Jeff Carr

Art Woolf

Josh Farley

Tom Kavet

▪ **Jeff Carr, Economic & Policy Resources of Williston**

Jeff identified himself as a macro economist and interested particularly in economic and business development. He spoke on his 'vision for the future of Vermont' as being one where we can help the people who will be here in 20 years to have high quality, interesting jobs. He'd like to see the portions of our economy not just get redistributed, but have the whole pie get bigger. He describes himself as a pragmatist and believes that Vermont can focus on 'taking advantage of who we are without becoming everyone else'. When we tackle a topic like demographics for Vermont, we want to focus on what is consistent with our brand. But, he warns, no one will buy a computer chip from IBM because they think that IBM in Vermont takes good care of the landscape – his point is that whatever we do for the state has to be 'wrapped in a globally competitive way'.

Vermont's competitive advantage has moved into a fourth wave. While we can't compete on price, or on commodity and goods, or service production, we can compete on the 'specialty end'. The types of companies that are successful are those that apply knowledge and technology to whatever product they compete with – those that have a highly specialized niche. Although the lifespan of these is very short, it's also added many high value products.

He identified two things that could be adjusted in the policy realm to achieve this vision of Vermont:

1. Vermont needs to be infrastructure ready – and this includes the usual things; water, sewer, etc – as well as things to be on the leading edge such as high speed internet and quick access to larger markets for face-to-face meetings with clients.
2. Vermont needs to focus on workforce. From k-12th grades into community colleges and HCIC we need to understand and design a system that allows young people to experience and learn about careers and be well trained for the jobs of the future.

To achieve these ends, Jeff suggests that Vermont be more strategic about finding the types of business it wants and then understanding how to get them here. "It's easy to find out what they want!"

▪ **Arthur Woolf, University of Vermont**

Art describes himself as being very optimistic about what Vermont and the US will look like in 30 years. He took Council through some of the changes in entertainment, in technology, in policy in the last 30 years and described the difficulty of our task in looking ahead to the next 30. ("Imagine what someone in 1978 might have said when you told them you could take a phone anywhere in the world with you, AND a computer? Now, what changes will come in the next 30 years?") It is worthwhile for our considerations to remember the pace of technological change.

While the future is bright, Art did focus on a few challenges. He told us that in the next 25-30 years the state will grow by 100,000 people (or 20%) and that this growth will all be over 65 year

olds. The implications of this trend alone (health care, and hospitals for example) are staggering, but he asked us to also consider that the working age population is declining. The number of people between the ages of 20 and 65 is supposed to peak (according to US Census) or even already be declining in Vermont. The implication here is that if the working age population isn't high then the age dependency balance will shift. Tax revenues won't grow and therefore in 30 years, our taxes will be going primarily to education and social services. He reminded us that revenues either come from more people, or higher wages per person.

Art stated that Vermonters are extremely conservative about economic growth, often only thinking of the negatives and forgetting the positive. This represents a challenge in the face of these coming trends. Also, Vermont's rural nature is a challenge – most people don't want to live in rural areas, or struggle to find jobs for spouses. For individuals especially with highly specialized educations and careers (orthoscopic surgeons and criminal law practitioners, for example) the difficulty is attracting and keeping them here.

Art recommended that “the best plan is to have no plan”. He strongly suggests that to handle the impacts from these trends and challenges, Vermont stay flexible and adaptive to local and global trends. Having a rigid top down plan won't work, he says, Vermont needs to adapt to local conditions and figure out what the market wants and be able to adjust.

▪ **Tom Kavet, Kavet Rockler & Associates**

Tom began by talking about forecasting and planning – whether for 5,10, or even 30 years out. He stated that “the farther out you go, the more you're on a limb!” He said that “when you go back and look at the numbers you wrote it generates a lot of humility and lets us know what can happen that we didn't even imagine, but it's not a reason not to plan.” His understanding is that there are major trends and events that affect even the most optimistic or pessimistic of predictions. His example was demographics and he said that this country could change the trend of aging across our nation by instigating an immigration policy that ‘opened the gates’ to those particular age and demographic characteristics we wanted.

Tom disagreed with Art about demographics. He said that the 18-24year olds leave all rural parts of our country (and always have), while urban areas have always had a huge youth cohort. While Vermont gets migratory flows from people in their late 30s to mid 50s – these people have a choice about where they want to live – and this benefits our state. He placed emphasis on understanding the rate of these changes, and making a distinction about what we can impact and what we can't. Tom proposed another way to look at the aging population; that these people are healthier than they were 30 years ago, and often able to work longer. People can be productive much much longer, and the trend is that businesses here also have incredibly high productivity. He also mentioned the huge net fiscal positive to the 65 plus demographic group– these people are often richer than the younger folks – they own their homes, they pay property taxes, they have no kids in school and their incomes are taxed.

Tom views these changes in demographics as a future resource for the state.

“That's the kind of thinking we need to do.”

Tom emphasized the following ‘mega’ trends:

1. globalization. Vermont and Vermonters are affected by international economic events and political institutions don't exist today commensurate with the global economy. To the extent that we think about Vt as a part of the globe and not an island then we'll be responsive to the future.

2. Don't be like everyone else. VT's comparative advantage comes from being different. "If we're just a cold version of NJ we don't compete." We have a huge *amenity factor* in Vermont – people are willing to do the same work in Vt that they do in other places for more \$\$ in other places. People are willing to be here in vt because they are getting something else of value. "What is it that they are getting? Numbers and Spirit." Tom specifically mentioned that this 'spirit' of Vermont is what's important to define for our future.

- **Josh Farley, Gund Institute, University of Vermont**

Josh is an ecological economist, and stated that the challenges he sees are on the global scale. Those are as follow:

1. global climate change: economists tend not to be worried about this. (Josh gave the example that if we lose a 1/3 of our agricultural sectors, 'making it up elsewhere' in the GNP won't work). We are living now with the effects of carbon emissions from 30 years ago – and the decisions we make today will affect 30 years from now.
2. peak oil: the fossil fuel based economy is poised to change – peak oil is a reality that we haven't begun to predict. However, the productive market trends in the past are directly correlated with finding a cheap and easy energy source; you can't produce anything in the economy without energy. As we look ahead, Josh reminds us that energy inputs required to get to the less easily available resources will be massive for this economy.
3. Finally, the rate at which we're using up our natural resources: Josh cited a few trends, such as the prediction that the oceans will cease to produce seafood in 2040. He said that there are major global events taking place that are an affect of our human activities, but that there are resources and ecosystem services that we cannot afford to 'use up'.

Josh stated that it will be important to examine some of our most basic assumptions around economics. Particularly, that we culturally understand economic growth as a positive. This idea of growth leads to a doubling of consumption of goods each generation – what if we doubled consumption every two generations instead of per one generation? There are measurements of well-being, which is perhaps more important that consumption of goods, and if we look at these, we see that people were often more happy in the past. They are also often more happy in places where consumption is lower than the US and Vermont. He argues that economic growth doesn't give us much more well-being and so it's important to focus on the other indicators of quality of life instead of consumption. In ecological economics, these are social capital, human capital, built capital, natural capital.

Josh also stated that the competitive paradigm no longer 'works for us'. His example illustrated how patent systems and copyrights (among other competitive strategies and tools in a market) can lead to a 'race to the bottom' and are counter productive to the common good. We need to move away from patented systems to save the day – we need broadly available technologies for all – to work towards making this world a sustainable place for the long term.

Josh closed by talking a bit about vision for the future. He cautioned that vision has to have a goal before it can have a plan for implementation. He stated that while we may not be able to import oil in the future for example, because we can't afford it or its unavailable, Vermont has been focusing on localvore movements and smaller economic structures. "Vermont is well set up for things to come out ahead". He said that Vermont was the only state to get straight A's in a recent report by Forbes for our assets and opportunities: from natural resources, to access to education, to volunteerism and government. Vermont is high on the scale when it comes to those other indicators of well-being.

MARCH 2008

WEALTH AND POVERTY IN VERMONT

Senator Doug Racine

John McLaughry

Peter Espenshade

Paul Cillo

- **Senator Doug Racine, “The Vermont Child Poverty Council”**

“I’m very glad to be here and to know you’re asking these questions. We ask these questions every 20 or 25 years and sometimes we head off on new directions. I was co-chair for the Commission on Child Poverty last year. Our question was how can we cut child poverty by 10%? It involved Legislators, members of administration, interest groups and 14 public hearings to raise the profile of poverty in the state. Heard from people around the state with about 40 or 50 people per hearing. Many of us have little personal contact with people living in poverty. These folks are outside the mainstream of VT poverty and Vt life. Global warming, agriculture, working landscapes, economy – these discussions are irrelevant to them. There’s a whole other world out there. To acknowledge it makes us uncomfortable, but the American Dream is simply a cruel joke for many people. They realize they can’t do these things (buy a car, own a house, etc) – and they all have very many stories.

So, to begin I want to share some of these stories: what they feel about life, how they got into poverty, and how they are trying to get out.

We were in the Burlington high school gym; talking about workforce training. One attendee said to us; “Time-out. I don’t know where my kids will sleep tomorrow night. I don’t know if they will be in a new school in a month, because I move from district to district.” There are many people like this – and the bigger discussions just aren’t relevant.

You might think that people are just going in circles but we heard from a lot of people who are playing by the rules. Doing what is expected of them – going through Welfare system. We encountered the concept of ‘benefit cliffs’. There’s an income limit and when you go one dollar over that limit you lose the benefit. These people are making rational economic decisions – trying to get better jobs, but there are negative consequences to making these decisions. As wages increase to 150% of federal poverty level, the benefits go down.

We heard from a single mom in Newport “I’m focused on my kids having a better life. My oldest son wanted a car, so he got a job. But then our whole family lost our food stamps because of that increase to family wealth.”

We heard from people who are surviving and improving their lives. Now, we’re doing better in VT than in many places and that’s because we’re working through community orgs and non-profits. VT has done a lot more than other states. We have EIC, healthcare for children, and great community works.

I spoke with two 16 year old girls in St. Jay with children of their own. Without the Parent-Child Center they couldn’t raise their kids. Without it, they simply wouldn’t know what to do to BE a parent. Another example is a chronic truant in St. Albans; the service providers found out that she didn’t have clothes that she felt comfortable with in school. After taking her shopping – and the

community donation of a few hundred dollars – she went to school and participated. The DREAM program in Burlington is another good example of community support; these young people have developed a college student mentorship program with low income kids around the state.

But the statistics are going in the wrong direction. 20,000 are living in poverty. 1/3 are living in poverty or low-income. Increasing number in homeless shelters and food shelves. Low income kids do not do as well as their peers. They start out behind, they get further behind and they drop out. Poorer nutrition, poorer health, and poor development – they are disproportionately represented in our correctional facilities, etc. We care because it costs us a lot of money, it affects our lives.

The Next Generation Commission identified 1/3 that can be called ‘drifters’. They are bouncing around from low-wage job to low-wage job. If you don’t want to look at this from the moral point of view, look at it from the economic position. There’s a big impact this group has on VT’s economy.

Our Council on Childhood Poverty is looking at :

1. **survival:** there’s a safety net and there are big holes in the safety net. Imagine what its like when you’re fixed income, poverty and you do not have the assets to turn to.
2. **making work worthwhile:** dealing with the benefit cliffs. We’re working with a group in Washington to be an example for step down benefit program.
3. **support for working families:** when people want to work, we need to help them work. Job training is important for this. People who are looking to get back in the workforce – DOL programs and ReachUp programs. Working to marry the job training programs.
4. **education:** there has to be good access to pre-k and early childhood education. We have to have good education to start off and bring kids together to have a good start – focusing especially on what’s going on with the low-income kids. Bringing the communities and education together.

We stayed away from just ‘throwing \$\$ at the program’ because that doesn’t work. One of the biggest barriers to dealing with poverty in our society is ‘it just exists, there’s nothing you can do about it.’ People say the ‘War on Poverty’ failed in the 1960’s. It didn’t failed it just stopped. We cut poverty by half. And people also say policy doesn’t make much difference, but VT does better than most states.”

- **Paul Cillo, President, Public Assets Institute**

Paul is the Executive Director of the Public Assets Institute that works primarily on fiscal analysis on state and federal policy initiatives. “We’re interested in solutions and how policies affect ordinary Vermonters. I was in the legislature for 10 years – 88 to 98. If you’re interested in these things that I’ll speak about, you’ll find analysis on our website.

<http://www.publicassets.org/publications/>

1. **income gap:** study in 2006, done by Center on Budget Priorities in DC, about the increasing disparity between low income, middle and upper incomes. What they found for VT is that the lowest income Vters grew at 27% for that period. Middle income grew at 43% and the highest income Vters grew at 73%. Lowest had lowest growth, etc. But they actually looked at the second half of that 20 year period (early 80s to early 00’s). For the second half of that 20 years, you had the highest income earners with the highest growth and everyone else was flat. We looked at VT Tax Department data to see what the

last 5 years looked like and the largest, fastest growing income class were people over 1 million dollars. The total number of people in that class more than doubled (200 to over 400) and the income went from .5 billion to 1.4 billion. 500 people in VT with the income of 1.4 billion dollars – to give you a sense of scale - essentially these people could fund the public education system in VT and still have a lot of leftover. Then, too look at the other side of this income gap you look at the Banking Insurance and Healthcare Survey – there are 83,000 Vtters who are at or below the federal poverty level. (Is this measure the right measure to use? In NYC Mayor Bloomberg’s office is redefining it for NY because it doesn’t really work.) Who are these people? About half of these people are on Medicaid and in 2005 – 15% of children were in poverty

2. **household struggle with cost increases:** Public Assets Institute did an analysis of household budgets a few years ago in 4 categories; *transport, food, healthcare, and housing*. If you look at all four of these the news isn’t good for people whose incomes are not increasing with the others. Median price of a home in VT is over 200k. They can barely afford the average rent, now over 800 dollars. Cost of gas has tripled recently, which puts stress on service providers. Health care; we’re relieved if it only goes up 8.5%! Wages – last year we found that wages are the second lowest in New England, behind Maine. But at the same time we’re 8th in the nation for the number of people over 25 with a college degree – we’re highly educated. But there’s a disconnect between wages here and cost to live here. With this gap between wages and costs, people rely on the govt to step in and fill the gap. With the stress on this, people put more stress on these services. But we risk further disenfranchising people in this category because the services can’t make this gap come together.
3. **policy issues.** The first issue here is about incentives for people to have more money in their pocket to pay bills. We should be looking at policies in these areas that uses a livable income guideline to see where benefits fall off. This could be true of tax policy and insurance. If it could be stretched out and pay a little more over time. The second issue is about adequate funding for state services. What we’re seeing with the projected deficit in state services, is both a recessionary and a structural problem. In the transportation world we have an increasing fuel fund – as gas costs go up the money that comes in is deteriorating the public structures. This is because of the set up for tax and revenue. This is a point we’ll have to deal with to adequately provide services.
4. **Jobs:** the fact that we have a well educated population is an asset that we’re not taking advantage of. The policies for education and low income are to ‘bring up the bottom’ and not rely on state services. What particular opportunities does VT have in using its educated workforce to bring up the bottom and reduce the wage gap?”

- **Peter Espenshade, VP, Donor Relations, Vermont Community Foundation**

“I’m here to chime in on philanthropy and how it can help on wealth and poverty. VCF has about 165 million in assets under management – while not all of it stays in VT, the majority of it does. We provide a lot of services for the non-profit sector. I’d like to share with you 3 main things on philanthropy and particularly philanthropy in Vermont.

1. **the relationship between wealth and philanthropy.** It’s key to remember that wealth and philanthropy are not synonymous. Not all wealthy individuals are philanthropic and not all givers are high income. In VT in particular, any philanthropic community seeking

to impact changes has to have representation from across the economic spectrum. It has to have representation from all quarters. We've seen philanthropic issues fail when they are the brain child of 1-2 wealthy individuals because they don't always work for the community. (example of a good philanthropy is Isle La Motte: fossil preserves that people could have come together to buy up. But instead Paul Bruhn got people in the community together to save the fossil preserves – and make a long term strategy to save the fossils. This is not one or two people 'doing something good', but the whole community doing something together. The wealthy in VT have to do so in concert with the full strata of VT people.)

2. **the special character for VT philanthropy.** I was talking to Dick White – president of Community National Bank. He said – “when I go to national banking conference, I learn that the people I'm learning the most from are other bankers from rural states; much more from other rural states.” We need to think about philanthropy in VT as a rural state – rural philanthropy has a very unique characteristic which you have to understand to take advantage of it and make an impact. First, *anonymity* is a big feature of this. This is crucially important – being an anonymous donor is key to high worth individuals. They want to be normal and have normal activities and not be viewed as the 'rich guy' in town. The second feature of rural philanthropy is that a lot of *giving is very local*. They are giving in their hometowns and communities – and they realize their giving can inspire a whole spectrum of other people. We're trying to figure out at VCF some of the downsides to rural philanthropy. There are some towns that are being orphaned and don't have philanthropic services. Where are they? VCF is working on mapping them, and understanding how we foster strategic philanthropy in those towns. It's easier to raise funds in a town like Shelburne that it is in Derby line; we need to raise more statewide funds and think regionally. We have statewide issues of poverty and infrastructure – how do we get people to think beyond Tinmouth? Imagine if we were able to get people to think on the county level!
3. VCF is in a unique position to take the energy around philanthropy here and inspire them to take a statewide view. We need to change our frames and the way that we think about it. **Philanthropy is changing rapidly.** It used to be the rock of stability – endowments that were set up and designed to survive in perpetuity – the people would spend 5% per year. VT philanthropists are much more entrepreneurial and are breaking away from staid, old-fashioned vision of giving. They are making mission-related investments; cheese caves, loans, investing in organizations. 5% of our foundations' assets are invested right back in VT. Especially in areas of sustainability and sustainable agriculture. Younger philanthropists who are different – just as likely to fund Darfur as they are Tinmouth. These people are different in their giving; we need to figure this out and encourage both forms of giving. We value facts and statistics, but we view them as most valuable when we put them together in interesting ways. There's a big generational transfer of wealth about to happen that will have a great impact in VT. VT is also one of the most quickly graying states in the US – so what does it mean to have a retirement community greatly expanding to meet retirement needs? We think there's great opportunity there to have some of these philanthropic dollars staying in VT. It will be our job to engage them here, keeping those dollars here.

So, VCF is trying to figure out connections, serve high worth people, and inspire people to make decisions to give here with a full spectrum of community members. The future and projection of

philanthropy in VT is very very positive. People moving here opening up new funds and a lot more philanthropic concerns.”

• **John McClaughry, President, Ethan Allen Institute**

“I’m glad to be here and I appreciate all of you taking time off from your pursuits to do this work. In many ways following the Commission on Country Life ages ago. I have 2.5 thoughts today for you. Everyone comes to these discussions with a particular perspective. Here’s mine: I was brought up by 3 grandparents born in the 1880s. It was in rural Indiana; a circuit riding Methodist preacher and a young woman who supported her husband who drove railroad spikes. I grew up in the 1940s in Paris, Illinois. There were not supportive programs. There was community relief for a wife whose husband had died in an accident but not the panoply of services now.

I recently rediscovered something about poverty as I was cleaning out my bookshelves. In the 1940’s a survey was done asking people why poverty happened, and do you know the response? Poor management! And this is something people would never say is the cause of poverty now. So, this makes me think about some of the questions you would want to ask at public forums – questions that are off the table now because they are politically incorrect or you can’t ask these things of people who are supported by the state.

But, at the risk of being politically incorrect, here’s what you’d want to ask:

- did you graduate from high school?
- Did you wait to get married before you had kids?
- Did you wait till you were 21 until you had kids?
- Did you steer clear of crime and ethical malfunction?
- Did you steer clear of drugs, tobacco, and other things?
- Do you work, are you an honest employee?
- Do you avoid indulgence – buying the house or car that is way to big for you?
- Are you financing your indulgences with 18% interest rates?
- Do you have an attitude that you are continually improving yourself and adding value to your society?

In my experience people who are poor have inevitably flunked one of those questions. What keeps us from making bad choices? Well, in my childhood- parents, pastors, rabbis, the lodge, the Masons, the Elks, and a peer culture that respected and honored people who tried to get ahead. This was a very supportive culture towards affluence and good citizenship. This is why the poll that came out in the 1940s the results were about poor management!

Now, we don’t prescribe people’s careers here. We have some free choices. We don’t do it the way that communists did. We have freedom – freedom to err and live well. Making those choices teaches us where we are and puts us where we are. This may seem like hoary wisdom from the past; but nonetheless to say poor people are ‘victims’ and have been ‘exploited’, is also wrong. It’s missing the key piece of this – people have sold them beer and they fell for it and damaged their own choices. Much of the work in the 1960s was about framing these people as victims. I think frankly, the older philosophy is more correct then and now. If you make the correct choices your ability to move up those ladders are great!

Back when I was growing up the support for you came from your community – family, lodge, church, etc. BUT even those who made bad choices weren’t ruined. Even in VT years ago, when we had the best towns where there was an overseer of the poor- people who were poor here were supported. The problem with that system was that in many many towns there was an overseer

who would grind the poor people down for some odd reason of vengeance. When we took out that system, it changed the corruption, but it also lost something. What we got in return was 'vending machine welfare', where if you fit the bill, you pressed the button and got the check. But it tended to push aside all those elements of civil society that helped those people who made bad choices.

I want to give you one example: Switzerland. There are no benefits there. If you're in trouble, you consult with the commune; just below the canton or town. Then the supportive threads will wrap around you – these people and groups have expectations for you and if you let them down you will be shamed and ostracized. One would say; we couldn't transfer that to the US! The American example is Utah – they have the advantage of being united in one religious belief. They are unified and united in the church's standards of community self-sufficiency and communal aid.

Then there is the issue of wealth creation. In every society there are some people who are motivated happily to progress, excel, succeed. There are some blessed souls who are inspired to do the big thing. These people invested in themselves and took risks – on themselves, on buyers, weather, etc. If you look around the place today you see the impacts of what they've done. In St Jay – instead of investing in the Zurich trade market the Fairbanks brothers plowed their money back into the community.

But nowadays there's a loss of respect for the rich. I'll tell you the more rich people around and the more of those people who provide jobs, etc, the happier I'm going to be. They're looking for a fair legal system, an educated workforce, a fair set of regulations (maybe strict but at the same time is swift, fair and certain.) I need to know what the rules are and I need to know that they are fair and who I can talk to.

Finally; we need a society that is optimistic and is looking forward to better days. If you believe in American exceptionalism; and I'm sure you all do, then you believe that we are wonderfully situated historically to be a beacon to the world. To do that you have to keep this summoning to those individuals who will be the rich and who will give back. To slice up their wealth to provide handouts to others is not fair – there will always be inequality, but we should let those people do what they do to create new wealth for social needs as well as private fortunes.”

APRIL 2008

SENSE OF COMMUNITY: WHAT WORKS? WHAT ARE OUR SUCCESSES?

Mayor Mary Hooper

Warren Kimble

Curtis Koren

Paul Searls

▪ **Mary Hooper, Mayor, Montpelier**

Mary told us about her experience working in Vermont just out of college, and how it was the only state where she could walk in the door of the Commissioner of Nat Resources and have a conversation with him. She believes VT has always been unusual in being open to and engaged with its public and public from outside. She thinks that we're the perfect size – and size and scale is critical. We have the ability to know each other and work together. Mary defines community as:

1. adaptable,
2. resilient,
3. solving problems and moving forward.

She identifies three groups of people: *those who are speaking, those who are listening and those who are making decisions*. She believes that when the overlap is the largest is when communities are most engaged. She cited examples in Montpelier of when these overlaps worked and when they haven't worked.

“One of our best examples of civic engagement was when we “threw out” our re-appraisals that we did last year. Professionals were horrified by this, but the public perception of the re-appraisal was that it was incorrect. The people who made the decisions heard these people speaking. It was a big deal to throw this out, threw the lawyers into a panic, but the community members who were actively engaged in ‘doing them right’ have stayed engaged and deliberate.”

Mary told Council that much work can be accomplished when the government is willing to collaborate with citizenry, and when you have citizens willing and able to participate. Govt needs to play a role in convening the right people and bringing them to the table. The private sector (business, and non-profit) also needs to be actively part of our civic life, but there is the threat of people being able and willing to participate as individuals. Mary stated that, “If you believe your voice matters than you step up and become part of the process.”

Mary talked about ‘getting the government out of City Hall’ and working in the places where people meet. She also spoke about compensation and value of public service – that the compensation for the hours of time for city council and mayors would not be enough to cover a babysitter! She also told us there is a trend toward decisions being pulled from local to state to federal level and warned that there should be an emphasis on making decisions at the right level. “We know how to plow streets and should be responsible there, but we don't know how to patrol borders and we shouldn't be responsible for that. Governance needs to happen at the appropriate level.”

As barriers to Mary's three groups working in collaborative environments, she cited finance (the condition of having investment for our civic future coming from out of state and out of country financiers), and poverty (as an obstacle to prevent citizens from participating.) Mary warned against ‘speaking only to ourselves.’

▪ **Warren Kimble, Artist and Creative Economy Leader, Brandon**

Warren told us about the work that is happening around creating community and deriving local benefit from that community in Brandon. He told us that while his town used to be ‘between Rutland and Middlebury’ it is now known as being a great town, with great people that is unhurried, unspoiled and unforgettable. He said “When people feel good about themselves, you have it made. So what happened in Brandon?”

1. local fundraising and community support – example of steeple that had fallen and local park where bricks were a low cost so all could be involved.
2. housing opportunity - example of a slum landlord moving out and community working together to make this housing useful for young families.
3. creative outreach – starting an artist’s guild to encourage diverse business ideas.
4. Community art project – started with pig statues in Brandon, and this project raised enough money that it could continue and benefit the town.

Warren told us some of the other community art projects that have happened since “Brandon is for the arts, for the outdoors, Brandon is for Brides – all the merchants gave away 500 for a 40k wedding. Brandon is for the birds! Brandon rocks – with rocking chairs. Brandon is raining cats and dogs. Brandon – thinking out of the box.” All of these projects combine the local artist guild with local business owners and major marketing power.

But Brandon is also at a cross roads in having to continue to focus on affordable housing, think creatively about our next steps and avoid being like Middlebury or Rutland in terms of development.

Warren emphasized that visual and visible projects make people feel good about their communities. He believes that expensive gas will help us to shop local and support local stores. But he told us that for a community to have progress you have to make something happen; “If you see it, you pay attention to it and you believe it.”

▪ **Curtis Koren, Vermont Intercultural Semesters, Brookfield**

Curtis Koren has worked hard in Brookfield with a group of people to bring the Town Hall back into use. She recognized ‘community’ as having three essential elements:

1. diversity – financial levels, occupations, experiences.
2. working together on a project – there are projects that you can do that become catalysts for getting people together.
3. landscape – shapes character and brings people here.

Curtis also runs Vermont Intercultural Semesters and wanted to spend her time speaking with us about the creation of community and a sense of place through education, and particularly overseas education. The program she runs takes high school kids to a city in India in the Himalayas, but the focus is all about Vermont. Her program is an accredited program of the Sharon Academy at honors level. While students don’t have to have all straight A’s, they do have to be motivated. It’s placed based education which puts Vermont students into living and working situations with students and families in Ladak – milking cows, taking care of solar panels, cooking, cleaning up, etc. She credits much of the success of the program to two things: small scale and place based education techniques.

Curtis also told us that education brings people together – and that if you provide something for the children you will bring parents together too. Everyone realizes that listening to one another

and working together (particularly on projects like local ball fields, or structures where you can engage local contractors) is an integral part of education, and community.

Curtis believes that the students in her program “are very engaged and do comparative projects and exhibition projects, which are highly respected and well received. It includes major paper, presentation and a visual. I think we’re a model for a place based education – you can have all ages on the campus at the same time. And Vermont is a wonderful laboratory – people are excited, open and willing to make things happen.”

She mentioned that sometimes you must ‘go to the moon to see the earth’, and that while many things about Ladak and rural Vermont are similar (remote, mountains, off the beaten track, both have small populations, tradition is strong, same little towns) the students learn an appreciation for what they have and see Vermont with different eyes on their return. Curtis believes that children in Vermont want to go away and they want to come back. They are enthusiastic about the program and want to work to establish more places they can go. She believes that this program couldn’t have taken place anywhere but Vermont – so many people were interested in helping out with Vt kids, Vt education and Vt in general. She told us; “I think Vt is a place where we can develop educational opportunities that will bring people into the school and state.”

- **Paul Searls, Professor UVM and Lyndon State and Author of Two Vermonts: Geography and Identity**

Paul told us about his interest in Vermont, especially the late 19th century and the social conflict that happened at the time. He described it as “not violent social conflict but competition between two world views; that of the rural and urban and their accompanying perceptions for direction of growth and future.”

Paul believes the conflict can be summed up in two words; decline vs. stability. While many saw the state as ‘backwards, slow decline, people leaving to the point of stagnation’, others believed that Vermont was ‘fine, stable, homogenous, and things working well’. This discrepancy played itself out in an enormous range in areas of life; modernizers wanted to change the schools, have better management of natural resources, to improve agriculture, they wanted to improve the welfare system, etc. From his research he believes that what was most vexing for these ‘modernizers’ was that rural people seemed to resist every thing! (They resisted schools, they thwarted game wardens, used ‘small farms, well tilled’, they held onto poor farms, etc.) This resistance led to mutual efforts to confuse and thwart around change or new policies.

Paul told us of the Commission on Country Life and how it was run by a group of business leaders, academics, politicians who wanted to “do good” for rural life and rural people. He stated that there was generalization of ‘contentment’ in this work, since the Commission never asked rural people ‘why are you content?’ but simply assumed that they were not. He told us that the Commission makes the final recommendation for people in Vermont to make use of latent capacities they have, to move into the future, to get ahead.

Paul believes that the major problem with the Commission’s work in 1931 was that they had misinterpreted what community is. Paul says community is “*shared experiences, mutual obligations, debts that have been and have yet to be paid, a sense of history together, cannot happen quickly, but has to accrue over long periods of time. Very strong communities are very fragile things and when you remove links in the chain you lose the structure. There were a lot of challenges that people had to face – good and bad actions have come out – but one thing that’s*

hard for people to understand is when to leave something alone and not mess with it. You have to take people at face value – when they say they are content, find out what makes them content.”

Paul told us a little bit about his book, Two Vermonts. He said that it recounts the division by describing geography, employment, and ethnicity. He was writing at the time of another division – this one around civil unions- and he told us that these division are always around different value sets.

“The great challenge is to reconcile community and society. The characteristics of these two are different: society is formal and contractual, while community is informal and non-contractual, but based on shared history. Ultimately VT’s goal is to prove that there is no zero sum game, but you can take advantage of society without losing the meaningful parts of community. To prove that you can have freedom and unity, past and future, etc all at the same time.”

JUNE 2008

Panel on Agriculture and Silviculture in Vermont.

Dr. John Bramley

Secretary John Wood

Enid Wonacott

Jackie Folsom

Darby Bradley

▪ **John Bramley, President of Windham Foundation:**

John began by addressing global, national and Vermont trends:

- Global: increasing energy costs due to declining supply and growing demand.
- Global: increasing food costs because of increased demand driven by population and increased disposable income in industrializing nations.
- Global: grain supplies per capita falling since 1990, and will continue to fall due to bio-fuels generations and increased demand for animal protein in Asian diets.
- Global: increasing scarcity of fresh, potable water (eg. World population tripled in 20th century but water consumption increased six fold).
- Global: global warming will probably accelerate (eg. Construction of 800 new coal burning plants predicted for China and India between 2006 and 2012.)
- US: increasing economic decline relative to world.
- US: faced with either turning isolationist or engaging in the world in a more egalitarian way around issues of trade, economics and politics.
- VT: state population getting older and economic growth being lower than US average.
- VT: education, health and human services requiring an increasing proportion of tax revenue and investment in infrastructure will be more challenging.

In Vermont agriculture, the situation rests on our soils, which are not ideal and a short growing season. Grass and forage for animals grows well; and while the number of farms in Vt has remained relatively stable (around 6000), the number of dairy farms has halved in the last 20 years. Only 20% of VT farms are dairy farms today and they are responsible for most of the agricultural economy. The barriers to dairy agriculture in VT include: milk shipped elsewhere to process, number of coops and processors declining in state, as well as capital, land availability, intergenerational transfer, labor shortages and infrastructure and limits to profitability.

Opportunities for VT agriculture included: VT cheeses, ice creams, soy initiatives, bio-fuels, energy generation, greenhouse cultivation techniques, farm markets, CSAs and localvore activities. There is also a growing public disquiet about the food system which leads to greater interest in local, organic and even home food production.

John's vision for the future of VT agriculture is: a diverse and integrated food system that is a model nationally and internationally due to its ability to produce high quality, nutritious, safe and affordable food using environmentally and energetically cutting edge

techniques. Vermont's natural beauty and aggressive promotion of Vermont food, through tourism, restaurants, farmers markets, CSAs and institutional use of local foods has made it one of the most popular tourist destinations and created strong international demand for its food products.

Steps to get there include: reducing dependence on dairy commodity market over time by encouraging value added manufacturing, supporting dairy farms and infrastructure of haulers, processors and equipment suppliers, adding value to the market infrastructure of forage based ruminants, promoting alternative land uses to produce energy and develop partnerships between municipalities and farms, protect agricultural soils by zoning and permitting, supporting business planning for farm enterprise, reinvent the College of Agriculture around a food systems approach, increase tourism marketing and support land transfer mechanisms and start-ups.

▪ **Jonathan Wood, Secretary of Agency of Natural Resources:**

Jonathan began by talking about the state of silviculture in Vermont today and the changes that have taken place over time. Vermont's forests are nearly 85% privately owned today, and our state is the 3rd most forested in the nation. In the 1960's, when the land was 50% forested, there were 500-some saw mills, and today, with our lands 78% forested, there are only 57 sawmills. Forest products are Vermont's second largest manufacturing, but there are many challenges, both historic and new, to this industry.

- The costs of doing business; especially fuel and transportation.
- The societal stigma in Vermont of forestry as agriculture's 'dirty stepchild'.
- The change in landownership to people who purchase forest for other reasons than forest products.
- The parcelization of landscapes.
- The challenge in awareness and attitude around our forests: that there is much more for the price of a value added forest product than a mass produced one (including ecological services, viewsheds, recreation, and carbon sequestration)
- In looking forward, will the production of wood be important to new land owners?

In the 2007 inventory that the Department of Forests, Parks and Recreation did as a ten year study, showed that for the first time forest in Vermont is being lost; primarily into residential and commercial development. He emphasized there has never been a loss before this. He also talked about the opportunities for VT forests including the Current Use program, which introduces landowners intimately to the wood and forest management is a good thing for the state, currently 1.5 million acres are under this program. But cellulosic ethanol may prove to be a race to the bottom in terms of what we grow on the land. And although taxes right now pay for the cost of development, the production value and quality of ecosystem services may prove to be worth much more – the day may come where we monetarize these ecological values.

Vision for the future includes:

- Access to capital for forest products industry
- Investment in the industry

- Changing social attitudes about the stigma around working the woods.
- A new generation that is supported to do forest products work
- Locally supported and local use of forest products – supporting your neighbors.

- **Darby Bradley, President Vermont Land Trust:**

Darby's work is in land conservation – to which he brought the assumption that this strategy of land management is essential to preserving place. He believes that land value may be economic, but there is worth in the skills sets and the values that the people who work the land have as well. Rural agriculture and forestry operate in a set of behavioral systems that keep this connection alive.

Darby believes that conservation is an effective strategy. He gave the examples of farms in Benson after one farm was preserved, of the incubator model for farms really taking off and of green certified furniture as ways to manage the land using conservation strategies. But he told us that the situation for land has changed. We cannot neglect the dairy industry, since it provides the basis for the other types of agriculture that happen in Vt. Darby believes that we need a game plan for action which includes common vision. He sees wood energy as an opportunity for Vermont land use, but workforce, energy costs, and invasives (especially moose and deer populations) as challenges. The health of the woods and wildlife needs to be a key component of our vision for the future, and the stewardship and education of new landowners around existing (and new opportunities) is very important. Darby's vision is that all of us need to think in terms of what we use and how that strengthens our communities.

- **Jackie Folsom, Vermont Farm Bureau**

Jackie spoke about agriculture both as a dairy farmer and in her role representing farmers for the Vermont Farm Bureau. There is a pervasive attitude that 'big is bad' in Vermont around farms, and this seems to mean that it is not okay here for farmers to make money – to actually make a profit. She told us that even while there is a food and fuel crisis there are many people who don't understand that the costs also affect the farmers themselves; that farmers don't 'make a killing' when prices rise. In addition there are marketing, advertising, and insurance costs for farmers – the same issues that we see in other industries in Vermont.

These attitudes cause problems for Vermont farmers. She believes that we need education around agriculture (for example, to explain that farms are regulated by the Agency of Ag, or that diversification is very important to the industry.) But perhaps most important is supporting the conventional (organic or not) dairy farmer. The infrastructure, including vets, grain, transportation, is supported in this state by the dairy industry. While diversification is a good thing for the industry, she emphasized that we "can't give on this".

Some of the issues Jackie identified included: conventional dairy farmers seldom know what their paycheck looks like (uncertainty), funding for the Agency of Agriculture is level (it should be vital and thriving), and having programs like Two Plus Two or the

Current Use being fully supported (rather than slackening). She also said that labor is incredibly important for the ag industry and that the ‘missing piece’ is the support and growth of the mid-size operations in Vermont. She mentioned that worker’s compensation went up by 14% last year alone and continues to show signs of rising.

For the long term health of farming in VT is the position of the Vt Farm Bureau that conservation easements on farms should be for a limited time so that the next generation can have something to sell. It is also important for agriculture to be an accredited part of Vermont teacher requirements – that teachers in the state need to teach agriculture to our students. Her vision for the future of ag in Vt is that “we need to speak with one voice on these issues.”

▪ **Enid Wonacott, Executive Director of NOFA**

Enid began by giving us a picture of organic farming in Vermont. She said that there are 85,000 acres across the state in organic production, that there are 504 certified organic operations, producing 93 million dollars worth of agricultural products. Since 1987 the organic sector within Vermont has been growing at 15 to 18% per year and people moving into the state seem to generally care that they move here where farmers are respected.

Enid’s presentation was focused around two subjects: grass and community. She believes that by focusing on both of these the viability of farming operations within the state will be increased. Grass farming and grass management is something that we can do well in Vermont, and that works well in an energy-constrained economy, since you can allow your cows to walk to grass. The grass-based system also provides help to other ecological services; since if the forage is healthy then you have the basis for other assets as well. High quality milk comes from good forage – therefore a strong grass economy supports the dairy industry in Vermont, which is becoming increasingly aware that it is hard to be a grain or feed based industry. She explained that we’re in a situation where people can’t control what they get for their operations – so to reduce the cost of operations, grass management is the wave of the future.

In addition, Vermont has a community identity. We inherently seek community, and this seems especially strong in Vermont – the consumers support this through their decision making. There is a 25% growth in Community Supported Agriculture across the state, and more direct market per capita than any other state in the nation. In addition, Enid cited examples such as the Town Meeting and Front Porch Forum as being indicators that Vermonters feel strongly about staying a part of their communities.

In thinking about the future, Enid believes Vermont needs:

1. stronger regional marketing especially for cooperatives and sharing of resources.
2. greater food self-reliance and independence.
3. more focus on wholesale marketing for institutions.
4. state supported land payments or reductions on worker’s comp for farmers (or tax alleviation for CSAs).

5. a system that would show how towns and regions are investing in and meeting local food needs.
6. local food being connected to an advertising at county fairs! (also perhaps would bring two cultures together – Enid talked about the Common Grounds Fair for organic/local farmers in Maine and the percentage of income derived from that event)
7. crop protection strategies that would address coming changes in climate and soils.

MAY 2008

Presentation of UVM Survey Results

UVM Center for Rural Studies

Michael Moser, Jessica Hyman, and Fred Schmidt joined Council to overview the results of the telephone poll completed in March 2008. They described Center for Rural Studies' history; the CRS was begun 30 years ago, and was focused on prejudice due to place including resources, rural areas and farm lives. One of the primary functions the Center has now is to make data that is paid for by the public actually accessible to people. The Center has a history of polling, and while it is not a national survey center, they do research for many organizations all over New England. As Fred explained, "As you all know, the way science is presented is a flip of the coin. We're not really measuring what people do, but what people think, which is fluid."

The CFV survey was designed by the Survey Committee after having had three public community forum days. The Committee was very strict with themselves about reading through the notes, designing questions that tested level of agreement with certain statements, and trying to keep leading questions and 'double-barreled' questions out of the survey. The Center staff assisted and edited the final product which consisted of 37 closed-ended questions, two open-ended questions and a demographic set.

The Center called Vermonters between 1pm and 8pm and reached 699 respondents; which produces a very high confidence interval of 99% with +/- 5% error. The people who answered the survey were, when compared with the demographic profile for Vermont from the 2006 American Community Survey(US Census), slightly older, more educated and more affluent. For example, over 65 year olds were overrepresented in this sample. (This was something that Council members questioned – both about how to represent these results and about how representative the results were due to this change.) Attached to these notes are both the power point presentation and the updated draft of telephone poll results.

Respondents were asked to state their level of agreement with a series of statements related to values and then their level of concern about a series of statements related to challenges. Their answers give insight into the prevailing values and concerns that Vermonters consider important in their daily lives in 2008 and beyond. Section I of this report presents a descriptive (univariate) analysis of the 37 closed-ended variables as well as the demographic variables. Section II presents a bivariate analysis to investigate the relationships between respondents' answers and their ages, years lived in Vermont, education levels and incomes. Section III presents the results of the open-ended questions. The responses were categorized, collapsed and tallied to show the top categories and subcategories identified by respondents as the important goals for the future in Vermont. Center researchers made it clear that the open ended question results can be interpreted a few different ways – and collapsed different ways. Each of the results from page 39 to the end of the report are graphical representations of the answers that

respondents gave to the first open ended question. Representative quotes for each of these categories have been included at the bottom of the pages as well.

JUNE 2008

Fifteen-Year VCRD Findings on Vermont Community and Economic Development—Policy and Practice

These brief presentations explain the work in which the VCRD board has been engaged for the past fifteen years. Each of these is a part of the final document that Paul and the VCRD board are compiling which will be submitted in its entirety to the Council on the Future of Vermont soon.

- **VCRD Governor’s Summits, Paul Costello:**

The purpose of Governor’s Summits is to bring together key leaders in the administration along with their federal counterparts and congressional staff in a quiet setting to talk about workplans away from media and legislature. Seven such summits have been convened by VCRD on housing, collaborative work planning, youth development, waste water, rural econ development, strengthening rural communities. In 2004 these internal discussion evolved into a full public open session. We did our first on planning, then about bridging the divide in communities. In 2006; local energy and local power and in 2007; the summit was on creative economy work.

Key findings: VCRD conferences are designed so participants go home with a product. Participants are engaged and have come to agreement about how we could potentially move forward; even if the suggestions are not enacted, you’ve built something that people have contributed to. The key finding is that in all our work it’s important to know that we’re not the experts, but that the people who are coming to the conference may have something to contribute.

- **Community Visits—Catherine Dimitruk, NWRPC**

Our Community Visit Program began in 1996. It is a three to four month process in which VCRD helps to facilitate an action plan based on local needs and assets. Towns approach VCRD for the program for several reasons: 1. They want to engage residents and bring together people from parts of the community that may not effectively work together in a regular way. 2. They see the need for a neutral facilitative structure to give the direction for the community. 3. They look for the help of a facilitative group that can help set priorities. 4. They may feel that they rarely see state or federal leaders and are attracted to the opportunity to share their challenges and directions with key leaders. 5. Community leaders want to build connections to resources that will help them implement local goals.

Communities typically select three or four priority topics for action through a process of discussion, championing and voting. Residents are supported throughout the process by a “Visiting Team” made up of VCRD staff and as many as 30 experts in the identified areas of concern. Once priority areas are established, volunteers form Task Forces to advance the identified strategies; an overall chair and task force chairs from the community provide leadership toward implementation. The top issues from 18 communities has been economic development, then youth activities, affordable housing, community center, education, downtown, and public safety/policing, town and village, transportation and community image.

Key Findings: the success generally comes from local leadership. This process works best when there are local leaders who needed a platform and focused energy – generally success is low when there is no one there to take the ball. All participants are equal and everyone has a stake in the process and everyone is invited and welcomed. Many communities do worry that they are fragmenting and there's a sense that there's not enough capacity to meet the needs in our towns. Generally speaking these Visit programs have been successful in having the work done and problems solved locally.

- **Vermont's Creative Economy—Chip Evans, VT Workforce Council**

VCRD defined the 'creative economy' as the dynamic process where creativity in the arts and technology infuse dynamism in a community and make it an exciting center for innovative entrepreneurs to develop or locate. More than performing arts and cultural activities, the creative economy is informed by an area's history and tradition, by its strengths and its people. In Vermont, communities defined it around its ability to leverage entrepreneurship in areas as diverse as technology, the environment, agriculture and energy.

Some of the issues identified in public forums through VCCI echo concerns heard in other sectors: the need to market the Vermont Brand, develop a statewide education campaign, inventory assets, and receive support from state planning and financing mechanisms. Other central challenges revolved around Vermont's downtowns; revitalizing Main Street in the wake of corporate retail and suburban expansion, creating a sense of community and civic pride, developing healthy activities for seniors and youth, building a stronger local job market and becoming an attractive place for young people to settle.

An important result of the report and the ensuing Creative Communities Program was the affirmation that creative endeavors could encompass both art *and* technology, and a recognition of the need to recruit professionals in high tech industries, as well as young workers who could capitalize on the flexibility of e-commerce while living in a rural state.

We wanted to find the dollar transactional value that has been studied around New England and can be quantified – that arts is a pattern of living that contributes to economy, that creates an environment that supports and attracts business and supports local progress. Dollar value and contribution to community that it makes. We published a report, had a dozen meetings around the state, and designed a program where we went back and worked with communities to achieve some of their goals – framing their communities as creative and innovative communities. (Creative Communities Program).

- **Vermont Rural Energy Council—Hal Cohen, CVCAC**

The VT Rural Energy Council was a council that started at the right place at the right time. We didn't know what a big impact the Council would have on legislation and things coming out. The purpose was to look at economic opportunities in conservation, efficiency, electric generation, renewable generation. We stayed away from industrial wind power, nuclear power and hydro quebec and focused on local regional energy generation. We felt that if we could lead the way in VT in energy efficiency and renewable energy it would build a competitive edge for businesses going into the future. Local Power Summit – at that summit over 400 people attended; industry, environmentalists, concerned citizens. Council was made up of 26 members of very diverse backgrounds. At each meeting we had experts come in and cover specific areas. We looked at challenges like geography, clean carbon footprint, lack of collaborative leadership and insufficient long term funding. Out of the Council came two studies: VT Energy Digest and

Strengthening Energy Economy – recommendations for legislature. Many of these things in the recent House bills were coming from these reports.

Key Findings: conservation and efficiency are two separate but important strategies. The public is often ahead of policy makers in addressing implications of energy, and VT could significantly increase energy development in state. We need a centerpoint for energy development. In order to reach our full potential we have to unite and that to be able to reach our full potential for taking advantage of this sector we need to unite around a vision.

- **Vermont Agriculture Viability Council—Roger Allbee, Agency of Agriculture**

The challenge was to develop this council to look at both the past as well as the potential for the future; international, federal, state policies are so intertwined, as are the economics. Several months with 17 individuals representing all levels of ag interests; the purpose was to look at the facts, the trends and come up with some reasonable recommendations in terms of how to affect change. One of the things recognized was that VT tends to be a microcosm, even just dairy policy is very complex and somewhat arcane! Buy Local was a very important aspect – the trends taking places in terms of food safety and food health. Energy was discussed because of vision going forward that energy on the farm would be very crucial. Energy on the farm came out as being of primary importance. Processing and marketing was very crucial because as changes have taken place in market over time, we lacked the capacity to do the processing and marketing that was done years ago – now it needs economic feasibility studies and incentives. Value-added products were discussed; how does the infrastructure get together to make this happen? Farm to school was very important – and now schools actually have feeding programs. To some extent this is renaissance of the past – but we still lack the economic resources to do these things successfully. The most challenging continues to be the dairy industry because of the older laws. But this council formed the blueprint for what we’re still working on today. Some of the Ag Viability Council recommendations have been implemented successfully; establishing a Secretary of Agriculture was instituted and that position provides a clear point of leadership and advocacy for Vermont farmers. A commonly identified concern was to consciously market Vermont’s assets – building a “Vermont Brand” – celebrating the entrepreneurial characteristics of Vermont farmers. Another key recommendation proposed the development of what has become a successful “Buy Local” campaign in support of Vermont’s burgeoning and diversified, community agriculture market.

FINDINGS included: Maintaining critical mass in our primary sectors is very important to Vermont agriculture. Vermont commodity production costs are higher than other places in the country; Vermont farms need to compete for quality, market preference, safety, and other brand attributes. Vermonters value agriculture as a key attribute of Vermont life, landscape, heritage, health and wellness, but agricultural enterprise development has not been an investment priority. Vermont has major growth opportunities in organics, specialty foods and value-added agricultural enterprises.

- **Vermont Rural Broadband Project—Paul Costello**

VCRD created the Rural Broadband Project to assist rural communities across the state in local efforts to acquire affordable broadband service for their areas. Through this project VCRD has consulted with over 50 towns and helped almost 40 of them to build local broadband committees, survey and map local broadband demand, and negotiate with providers toward building services. In many cases, towns have been successful in doing the pre-marketing that makes a large enough ‘buying pool’ to attract a provider. Other town committees have gone the next step and actually developed services on their own from the ground up. Still others had done the planning

homework that put their applications at the top for broadband grants established by the Governor and Legislature.

Ultimately there were 21 towns being a part of the consortium that's working around the fiber-to-the-home model. We've helped usher that work going forward. We've also tried to help with wi-fi hotspots. We've been successful with getting seven or eight of those pieces started in the NEK. Supporting community use of infrastructure for business or for community side itself. To help advance community use of broadband; to expand business. Most of the places that have lacked services are also those places where economic development hasn't happened. Working with the state college system to turn some of the businesses inside out. It's often the kids who want to be a part of the vertical and the horizontal cultures; and connecting them this way means that maybe they will see a role for themselves without having to leave. This was designed to do, but never happened.

Findings: State, federal and non-profit orgs have to be coordinated and for awhile no one was talking to each other, but everyone was fighting to get in the door and get resources for projects that were sometimes conflicting and unrealistic. Our role was trying to keep people at the same table, and now the Telecom Authority will take this role. The other finding is that no technological solution is the end idea. You can't just get a solution and wait for the end – any one would cost billions of dollars but the use and need for it would change in the future anyway. There's a huge opportunity to involve youth in this. But people are stepping up; and the governor's goal for 2010 is good.

- **VT Forest Products Council—Alex Aldrich, VT Arts Council**

VCRD chose to build a policy council, and ultimately a set of working strategies, to advance the secondary value added industry. The Forest Products Council spent two years studying the value-added wood products industry in Vermont. A guiding premise to the Council's work was the understanding that Vermont's working landscape of fields, farms and forests is an integral part of both the state's identity and its long-term economic security. They identified 7 challenges;

1. conserving the working landscape through measures that made it economically viable.
2. unifying the industry around a strategic plan for brand development and marketing.
3. capturing businesses in rural communities to capture the highest value for the wood material possible rather than ship basic wood commodities for export and value-added processing elsewhere.
4. addressing the challenge of high energy and insurance costs and complicated regulatory processes.
5. providing an adequate labor force and wood supply.
6. addressing need for technical assistance for forest products businesses.
7. changing lack of a uniform marketing message and conflicting public images of the industry as a whole, including negative perceptions by the public and assertions of 'industrial decline' by some policy leaders.

VREC built a set of clear strategies designed to advance the industry through their collective action and as a platform to draw together state, federal and other resources. The VREC platform incorporated marketing, economic development, education and training and adding the need for 'wood resources' that are built by the primary wood production industry.

With the completion of the report, state and federal leaders (including Senator Jefford's office) worked together to support the platform and VCRD obtained a \$1,000,000 Economic Development Administration grant to implement five VFPC recommendations concerning marketing and branding. This grant, implemented by the Vermont Wood Manufacturers Association and the Vermont Wood Products Manufacturing Council over a two-year period,

further leveraged funds from state and private sources to create a premier marketing program for value-added wood products from Vermont.

FINDINGS: VT can't compete for the bottom, but has cache and should compete for design and innovation.

- **VT Planning Council—Pat Moulton Powden, Dept. of Labor**

A 2004 Summit devoted exclusively to the “Structure of the Planning System in Vermont” was used to launch the VCP. Participants at the 2004 summit identified the following broad areas as challenges:

1. Inefficiencies and Inconsistencies in the Planning System

The planning system was identified as unwieldy and inefficient.

2. Insufficient Public Engagement

Summit participants noted that it is difficult to engage the public in the planning process, and that public participation is selective.

3. Lack of Coordination and Collaboration

A need to coordinate comprehensive regional plans was noted, as well as the need to increase collaboration between municipal and state agencies.

4. Concerns Around Growth and Scale

Participant pointed to the tough decisions Vermonters need to make about the issue of growth and scale, and considered how Vermont's planning system could help communities plan for development while protecting an area's quality of life and local assets.

5. Act 200

A comprehensive revision of the planning laws in Vermont, Act 200 was enacted in 1988 under Governor Madeline Kunin, and had a tremendous impact on Vermont planning. It provided an incentive to improve planning at all levels, set statewide goals for the planning system, and was seen as a vanguard tool against pressures of growth.

Participants at the VCRD summit saw a need to revisit the accomplishments of Act 200, which they believed suffered from a lack of funding and a failure accomplish some of its goals, particularly in the coordination of planning across levels needed to empower plans at each level.

Findings: Local planning is a fundamental feature of modern democracy, but is not always supported with recognition or resources commensurate with its importance. It is inherently difficult to visualize the challenges of the future, but the attempt is essential for successful planning to prepare for them. It is difficult, but critically important, to plan for economic development, commerce, housing, infrastructure, and the future of the working landscape, not just against growth. Without strong planning, communities rely on the regulatory system to make their development decisions.

AUGUST 2008

Vermont Business Leaders Panel

Melinda Moulton

Chris Dutton

Jim Keyes

Joe Fusco

▪ **Melinda Moulton, Main Street Landing**

For the last 25 yrs I've been devoted to sustainable re-development of Burlington's waterfront. I had a couple of thoughts thinking about your work: 1. how's going to use this? 2. Orton Family video: Change and Challenge. I'm glad to hear that this is going to be a sustainable usable document – one example is the Legacy Project document in which people revisit and celebrate the changes over time. There needs to be a measurement for the work accomplished over time and a story that gets told. This would be a great story to tell to students – they are the ones who will be living this in the next 20-30 years.

Main St. Landing is unique to business; privately owned, building places for lease. Ironically yesterday I got the Chamber's survey yesterday: energy, tax policy, education, health care, housing and development. I am a member of VBSR and have a specific take on all this.

Transportation is an enormous part of energy. I think we need to protect and repair our roads and bridges – we need rail! We are not improving them, instead we're tearing them up for snowmobiles and bike trails. But we as business need these improved – part of the difficulty for businesses is that people are having trouble getting to work. How will we get into the cities for work? You can't get there from here. Rideshare programs and other public transport alternatives – we need to support bus, bikes, promoting the concept of car share.

Parking spaces in commercial buildings – it's about 20k per car. If you build parking space then you can't rent to local businesses. We need to focus on promoting and accommodating local business. Small business in VT is the backbone of our economy. We don't want to be turning our buildings into homes for national businesses. The parking space issue has always been an issue for me – that requires higher rents and losing the locals.

ENERGY – there is no doubt that we need to develop renewable energy. Right now they are saying it's cheaper to use electric to heat your home than it is to use fuels. I think we should have been doing this ten or fifteen yrs ago – but in a business place where I have thousands of square feet for businesses, they have to pay the cost. That gets passed on to businesses.

We need to pursue smart green buildings – there is a way to do that without paying top dollars. VTers need to upgrade their homes – the problem is it's the low income folks who need help. We need to create state incentives for people who couldn't do this otherwise. Vermont could be the renewable energy capital of the world if we wanted to be! We should give tax incentives to the businesses that are here doing the great work. We shouldn't try to give them to the out of state folks.

Global warming is the other big issue for me. We need to focus on our water quality – and protecting our vibrant working landscape. Why does this affect our businesses? It could be foliage, ski areas, invasive species (wild parsnip, lyme disease). This will affect our local economy – warmer winters, hotter summers, dull foliage, faltering tourism economy.

Opportunities: clean, affordable and locally generated power. Thriving traditional local economy, and clean cars. We have SO much innovation. So much – we need to lower energy bills at home and in business. VT now produces 22% more global warming pollution than we did in 1990.

Healthcare: it affects business. Close to 20% of my budget supports the healthcare of my employees, especially those that want to provide healthcare for their employees.

Local ag and food production: I believe that it's really important in VT to support local ag and protect our land for it. 3 towns that I live in have developed energy committees – these are already looking at local economies – cobblers, food, weavers, etc.

So, I think that there is a connection to all of this for business people in VT. There are challenges in social, technical and physical areas, but in business all of these are important.

- **Jim Keyes, Worth Mountain Capital**

I strongly second a number of things that Melinda has already said. What an enormous task you have at the Council on the Future of Vermont!

I have lived and worked in VT only for about 29 years. I have always lived in New England – Bank of Boston, Citizen's Bank, Bank North – and have traveled as a commercial lender all through NE. I work with Worth Mtn Capital partners: advisory work for companies and investment in companies.

Jim gave the example of Connor Building Company who needed 1 million dollars to invest in a building for expansion. This is true of many businesses – they need the last dollar to make the purchase or expansion. This business grew almost 70% last year, but they don't do advertising it was all word of mouth.

Another company was NSA Industries – metal fabrication, tube forming, precision welding and machining. They have 114,000 square ft – but today there's an incredible array of skills and machines that you'll find almost no where else in New England. They have a very tightly knit business people and total fabrication in one place. In this case the CEO was reserving too many duties for himself and was burned out – but recognized that his employees were not financial leverage – and we see this a lot. We see owner/entrepreneurs who do too many jobs and don't seek help soon enough and make a plan. The few in VT that do have boards are some of the best in VT.

All the great businesses were founded between 20 and 30 years ago – so we'll see a lot of turnover there. It's tragic when the successful businesses have to sell to their largest competitor when they get tired. Also many are selling out of state – sometimes that's tragic too – there are some that belong here and should be here. There are a number of companies in VT that have been sold that could have been the platform for much larger, successful companies – but they didn't have the resources and plans.

Aging population, owner/entrepreneur burnout, workforce – these are challenges.

Areas that Jim identified as being most important:

financial capital for growth. We get calls from people who need a larger chunk they can beg, borrow or steal – more is needed (like 500k or a million) to do some of this work.

Human capital in VT is tough – sometimes attracting families here is tough. We're exporting a lot of children and I wish there was a way to turn them on to the work going on here. UVM's Family Businesses is great.

Lack of training and development – many people in the businesses don't know their own businesses or beyond it. Lots of companies don't bring in professional managers – this lends to owner/entrepreneur burnout. Many VT businesses have turned their work over to professional managers and there are great examples of well known VT companies that are doing this successfully.

The resources for 'where to go' need to be more well defined. Out of state there are companies to go to – Coastal Enterprises, Sea Coast Capital, Angels Venture Capital.

Employers and employees are extremely fearful about the winter and heating season. I think kVT has an outstanding business community and really fine companies – new people, new technologies, new ideas. They need help of all different kinds and especially capital. People say manufacturing is dead in Vt, I say 'baloney' – there are many reasons it's not dead here. People recognize the quality and manufacturing we have here in VT.

We have a wonderful work ethic in the state!

- **Chris Dutton, Green Mountain Power**

President and CEO of GMP until August 1st. Many of the comments I'll make now reflect 11 yrs of service for power company that serves about 1/3 of the state. Part of my comments will be anecdotal and part will pick up on themes from our Energy Plan.

First, I think in each of the presentations we've heard something that ought to resonate with all of us in this room. I'm optimistic about VT – I really believe if we can find the right leadership (not just business, but community and political) we can overcome challenges. But the challenges are significant.

China anecdote: in all the places I visited in China you can stand on the street corner and watch the economy grow. It's amazing to watch this – human energy and enthusiasm. It reminded me what it must have been like in NYC in 1890's – the rules aren't enforced and people are just trying to make a living. In a 30 yr period the Chinese had brought ½ billion people out of poverty. They have paid a price and we have paid a price for that progress. But one of the lessons that I think we have to deal with is that we live in a global economy and we can't pretend that VT is isolated and insulated from the rest of the world. We cannot forget what the implications of China's growth will be for us.

VT schoolboard anecdote: we hired a great person who is interested, skilled and ready to help kids succeed. But in this situation the VT narcissism drove him out. We had committees that had

to have meetings twice a week. He had to spend ½ of his working nights in meetings; there was disaggregation and inefficiencies that came from being apart. We had common purchases of paper clips, tires for school buses, etc – except for Charlotte or some other place. There was always one that wanted to be the expert. There are 290 school boards in VT – but there are school boards in the country that serve the entire population of the size of our state.

Green Mtn Power is one of 21 electric utilities in the small state of VT – come on! Why do we have this? Much the same as the reason we have 290 school boards! We think it's cute and nice and smart to be small. If we're going to compete in a global economy we have to get over these cute quaint notions – we just do. There's no way we can compete otherwise.

When we think about energy: Green Mtn Power learned about being as efficient and effective as we could be. In late 1997 we were almost bankrupt. We started to examine the four corners of our business and looking at what we did. It wasn't we had lazy people who weren't working, but that we were doing it the way it had always been done. We made our operation efficient simply by asking what are trying to accomplish and how are we doing it?

We adopted an approach where there were no private offices – we knocked down all the non-weight bearing walls. We eliminated the incidence of hierarchy or perquisites in the company. We adopted an approach that said no secrets – but communication as effectively as possible. One of the first things we did was to become more efficient in terms of workspace – also carbon footprint and cost. Over the course of 5 years we introduced biodiesel to bucket and line truck, buying hybrids for fleet, installing solar arrays for buildings. We've done a pretty good job in terms of trying to become as carbon neutral as we can.

VT Yankee expires in 2012 – about 45% of what we supply our customers. HydroQuebec – 2015 and another 40% for our customers. Both of those sources are by far the lowest rates in New England – the average residential retail rate in New England is something 40% higher than what CVPS and GMP charge our customers. The challenge we face is how do we replace these resources – attractive economic features and attractive global warming features. Both of these resources have other environmental impacts associated with them, but are 'clean'.

In terms of our electricity supply we are cleaner than we were in 1990 – the pollutants come from transportation and other sources. Mary suggested we break the log jam that exists regarding wind power and others, and how to replace these sources?

1. we saw we needed to ramp down VT Yankee. Ramp up development over time – of renewable resources, biomass, wind in VT. (difficulty is that renewables are not baseload)
2. and ramp up the opportunity to buy even greater things from Quebec suppliers.

The key inside VT is to break out of the gridlock that exists and to identify these green energy zones. In these areas can we decide by consensus where in the state we might have stream work, wind development, etc. Rather than just saying no everywhere – we need to design places we can do this around the state.

▪ **Joe Fusco, Casella Waste Systems**

I'm a VP at Casella Waste Systems, but there are twelve of us, so that doesn't mean I'll be president if John Casella dies! I am also a fellow of the Bell Leadership Institute in North Carolina – I love VT and when I moved here I got hooked quickly.

It's very difficult to choose what perspective to come at this topic. I'm less concerned about my own business environment (Casella in particular) and more concerned about the consequences of the choices VT is making. As long as there is air in John Casella's lungs we won't leave the state of VT. I'm less concerned about Casella, but about VT.

I think VT and economics and business will be okay. It's really a question of whether VTers will be okay with consequences (social, political, economic) of the choices we make? For example: if we limit development or encourage it, to be ruggedly or doggedly environmental – each of these have consequences. The law is 'you get the results you deserve'. You should never be surprised at results you get – because everything you've done is designed to give us that outcome. But we can't be surprised when we get a certain result – we can bemoan that situation – because we made those choices.

We see young people needed to leave to go away to get jobs – this is only because we've made choices here that require them to go away. We've chosen not to have four or six lane highways and the developments that go with them, but also prevents us from having the type of jobs that young people are most often looking for.

For VT, this is what I'd like to see: **good business environment**: the opportunity to stand or fall based as much as possible on your own merits (hard work, luck, planning).

Good economic environment: opportunity for as many VTers as possible to shape our business and economic environment. Are we willing to be as daring and radical on economic and development policy as we have been on social and human services policy? I say that as someone who is dedicated to the social services and environmental problems – we need to be as daring for economics.

I think we export more than just young people. We export our unskilled people; with nothing for them here they go elsewhere. We export the problems of energy plants to other places so we can live the way we do. Our desire for social and environmental purity causes us to export these things to other places. We risk being seen a selfish member of the American body.

VT has to look at these things for attracting capital:

1. capital is very democratic – it votes for where it can be sustained and multiplied. Is VT a place where capital will vote?
2. capital is mobile – you can't hold it hostage.
3. capital loves stability – it flies risk and instability.
4. capital loves fertility – is VT a fertile place – where more capital can be made?

I think there are six conditions that cross political social and economic spheres:

- a. **success**: is there opportunity to plant capital in rich soil?
- b. **respect**: it would be cool if VT saw business intelligence, risk, as valuable as rivers, mtns, lakes.

c. **control:** do Vters who start businesses here have the opportunity to stand or fall based as much as possible on their own? And not have external factors rob from that and take control away from them.

d. **stability:** it is very difficult to invest when risks of permitting are very high. To the point we can bring stability it's important condition.

e. **care and love:** is the business community and resources accepted as contributor of ideas and community betterment?

f. **freedom:** ability and conditions to innovate, experiment, to take chances and be creative.

If in some way the political, social and economic conditions made these things possible we'd have a very positive outlook for our children.