Montpelier Notes,  An occasional email for Pownal and Woodford residents. If you would prefer not to receive these notes please reply to botzow@sover.net and I'll remove you from the list. If you would like to be added please let me know. I do not give your email address to others. --Bill Botzow

March 3, 2010

Hello All,

Below please find my 2010 Town Meeting Legislative Report that I distributed in hard copy at Town Meeting and at the polls Tuesday. It is a brief synopsis of many of the issues we have been working on. If you would like more information on any of the subjects I cover please let me know. The legislature is at home this week. We will be back at work in Montpelier starting the week of  March 8. Here’s my report.

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#### **Town Meeting 2010 Legislative Report**

#### **State Representative Bill Botzow**

                                                                March 2, 2010

Dear Friends,

I hope the longer days and the promise of spring bring some peace to you in this challenging winter. Recent winter storms have tested our towns and I hope everyone has come through well.

As a member and now Chair of the House Commerce Committee, I’ve been working on the many challenges we face to deal with the economy. Our state and nation are dealing with a great recession and a high unemployment rate. In response we are working to transform the way government addresses the needs of its citizens, including how we spend our money.  Whenever you have questions, concerns or new ideas please get in touch with me as I look forward to hearing from you. Thank you for the opportunity to represent Pownal and Woodford. I am truly honored.

                                                Sincerely,

*Bill Botzow*

**Doing Business Differently**

We are in a time of financial uncertainty which brings opportunity and challenge. We must find new and innovative ways for government to do more with less. A joint legislative committee formed at the end of the last session was charged with a mission of improving government efficiency while identifying savings for this year’s budget. In both good and challenging times we need efficient, effective and sustainable government.  Through the difficult work of the joint committee and most of the legislative standing committees, legislation passed intending to give taxpayers better value for their money and save $38 million. The bill sets up eight challenges. They are: rewrite state contracts focusing on performance measures, redesign human service programs to focus on clients, make changes to shrink the prison population, reduce business expenses in education, achieve better results in special education, cut bureaucracy from energy and environmental regulation, get more from our investments in economic development, and give government units greater freedom to generate entrepreneurial revenue.

**Jobs and Education**

My committee, Commerce, has been taking testimony in anticipation of receiving the jobs bill, S.288, from the Senate. We are also looking at strengthening the connection between the business community and the education community. This is a time of major worldwide change in the global workforce. We like to think of the United States as a “high skill” workforce while Asia’s advantage is only through low wages. That is no longer true. China and India are surpassing us in education

and in investment to increase the productivity of their workforce. We are in a global economic race with a profound impact on our future choices and lifestyles. The future skills of our workforce will be a critical factor in our success. The committee heard that Vermont’s policymakers have a good vision for Vermont’s future workforce. We encourage and support Vermonters attaining skills and training for the jobs they want and employers and employees see a competitive advantage in Vermont having a high quality workforce. The Workforce Development Council recommends that we have to recognize the connection between education and work force training as a whole system that supports and reinforces all students and workers. We also need to transform our education system to a pre-K to 16 system with technical and experiential learning an integral part of education. Students and parents should have choices about the type of education that best suits their individual needs. Post high school education needs to be a realistic objective for students. Dual enrollment programs among high schools and colleges (or online) should be available to students. This reduces higher education costs and provides alternatives to students who do not thrive in high school. Dual enrollment allows a student to take a college level course for credit at the high school and college level. Job training programs are essential in the current economy to help Vermont businesses return to economic health. Businesses have to be involved because they can define the needed skills, opportunities, and life experiences to move from “learning to doing.”

**Jobs—Broadband, Workforce Training Transportation and Access to Capital**

Broadband Everyone needs to be connected to the information superhighway.  The ordinary Vermonter is using broadband for some of the most innovative projects. The legislature is considering investing in new and faster connections for unserved homes and business districts.

Workforce Training By investing money in targeted skills-building programs, we help Vermonters get good jobs and we provide businesses with access to qualified and productive future employees.

Transportation Vermont is one of the few states that received praise for its quick use of transportation stimulus funds. Continuing funds for paving will create Vermont jobs and improve roads with much needed paving. With almost half of our state’s roads in poor to very poor condition, funding will be put to immediate good use. During the 2010 season, Vermonters can expect to see a 32% increase in paving from last season which will create 200-300 new jobs.

Access to Capital. We are addressing one of the root causes of our current recession – tightening of the credit markets and lack of access to cash.  For cities and towns, as well as large, medium, and small companies, Vermont provides bonds with especially low interest rates and tax deductions, as well as loans with below-market rates.  For entrepreneurial low-income Vermonters, we offer help with critical business skills; we also provide small grants to help them found their own businesses.

**Unemployment Insurance and Workers Comp**

The UI trust fund which pays benefits ran out of money January 15th. Benefits will continue to be paid. Vermont, along with many other states, will borrow funds from the Federal Trust Fund to pay eligible Vermonters who are out of work. Thanks to the work of Rep. Peter Welch, the interest the Federal Trust Fund normally charges states for the first year loan will be forgiven. The House Commerce Committee will soon be working on S.290, which is a Senate bill that deals with the fund’s shortfall.

Workers’ Compensation The business and the labor community are very concerned with two problems. Some companies don’t buy workers’ compensation coverage which is illegal. Also some declare workers as independent contractors when in reality they are employees. An independent contractor doesn’t have to be insured for Workers’ Compensation benefits. House Commerce passed H.683 last week on an 11- 0 vote to address these problems which end up hurting good employers and good workers. One of the measures in the bill we passed is giving the DOL the authority to shut down a job or business until a proper Workers’ Compensation insurance policy is obtained. Another is enhanced penalties for improper classification. The bill includes an education component for employers. It is important to protect both our businesses and our workers from those who skirt Vermont’s labor laws.

**Budget Overview**

This year, as every year, the legislature will pass a balanced budget.  This responsibility requires very difficult choices for 2011 because the recession created a $150 million gap between revenues and projected expenditures. The legislature and administration began work last year on identifying permanent changes that would solve the $150 million gap. The result of this collaborative effort is $67 million in widely agreed-upon cuts that include: $38 million by increasing government performance and cost effectiveness, $15 million in changes to Teachers’ Retirement, $12.7 million in pay cuts and freezes in advancement for state employees, and $1.3 million in Judicial restructuring. The Appropriations Committee has also identified $35 million in federal funds and reserves (sometimes referred to as “rainy day funds”) and will apply $27 million of internal changes to General Fund revenue streams that do not affect taxes. This leaves a remaining problem of approximately $21 million.

We are investing in positions that will raise money for the state by encouraging business growth and by collecting unpaid taxes owed to Vermont.  We are also considering adding positions to reduce waste and fraud in benefit programs, saving significant money now and into the future.

The legislature is concerned about the Governor’s proposed cuts that would drastically impact the lives of people who depend on services the state provides. Some of these proposals cause immediate and severe increases in other areas of the budget.  Eliminating home-based services to the elderly or disabled would require them to move to a nursing home at much greater expense. Cutting personal services for a developmentally disabled child could force a single parent to stop working. Often services offered by the State that preserve someone’s ability to live with dignity in the fabric of their community are the least expensive to deliver.

As revenues have declined in the last few years, we have already made large cuts to services, grants and state jobs. The easy choices are long gone and we are researching all options to close the remaining $21 million shortfall while creating a budget that reflects our means as well as Vermont’s community values.

**Vermont Yankee**

Vermont Yankee’s (VY) 40 year license issued by the Nuclear Regulatory Commission (NRC) to operate a nuclear reactor will expire in 2012. VY has applied to the NRC for a 20 year extension to operate its reactor. At the same time, they have applied to Vermont’s Public Service Board (PSB) for an extension of its Certificate of Public Good (CPG) to generate electricity. It is important to realize that the State of Vermont and its General Assembly has no authority to grant a license to operate a nuclear reactor. The plant was sold to Entergy, Inc. in 2002. At that time the Legislature gave itself the authority to direct the PSB to issue or not an extension of the CPG as a part of the Memorandum of Understanding (MOU) between Entergy and the State of Vermont. The PSB and the Legislature are charged with considering the economic and reliability issues of any commercial generator of electricity in the state. Vermont is preempted by federal law from ruling in the NRC license application, and the NRC does not rely on the Vermont CPG process. Entergy has had many problems at the plant including the fire in the sub-station after the 20% increase in production of electricity, the collapse of the cooling tower, the misunderstanding of the location and/or the existence of underground piping, and other areas that don’t affect reactor safety. Over the past month, the legislature has been receiving weekly updates about the tritium leaks and their possible impact on drinking water, ground water and surface waters.  Vermont’s Radiologic Health Chief Dr. William Irwin continues to answer questions about the tritium, cobalt-60 and zinc-65 that were discovered in the wells, pipes or trenches at the plant. As of this writing, although ground wells have shown extremely high levels of tritium, daily samples of drinking water have been consistently clear.

Recently, the Senate voted 26 to 4 to defeat S.289, Passage would have approved the continued operation of Vermont Yankee. Legislative approval is one of three elements required for the plant to continue operating after 2012. Along with Legislative approval, the Public Service Board has to issue a certificate of public good and Entergy must also receive approval for relicensure from the Nuclear Regulatory Commission. Determining the future of Vermont Yankee has a long way to go.

No matter when VY stops generating electricity, the fund to decontaminate and clean up the site must be adequate and the owner’s plan and financials must be sound. The legislature will also work to ensure that alternative energy sources are identified and actively pursued.

**Mobile Home Ownership Bill**

This past summer a study committee I chaired met to make recommendations on mobile home rent-to-own agreements and mobile home transfers. The committee included mobile home advocates, park owners, lenders, municipal clerks, Legal Aid, the attorney general’s office, and legislators. Upon receiving the committee’s recommendations, the House passed legislation I introduced, H. 542, a bill that clarifies the process for transferring ownership of a mobile home as well as ensuring the rights and responsibilities of buyers and sellers. If passed by the Senate, the bill will clearly identify the requirements for recording ownership and define rent-to-own transactions. The bill also consolidates the laws governing mobile home sales, including rent-to-own transactions, so that they are easier for all parties to understand.

**Vermont’s Agricultural Future**

While federal and state efforts continue to help farmers with their finances through restructuring their balance sheets, we all know the dairy industry is in crisis. And yet, when the House Agriculture Committee took testimony from students and faculty at UVM and Vermont Technical College they heard a strong commitment to the future. The students and teachers are knowledgeable, hardworking, and clear-eyed participants in the 2+2 Program, a tuition scholarship for aspiring dairy farmers who spend two years at Vermont Technical College and two years at the University of Vermont. Young Vermonters from farm backgrounds rely on this program. It is the most immediate and direct step we can take toward supporting a new generation of successful dairy farmers and leaders in Vermont agriculture.

Farm to Plate Program Vermont is an agricultural state but we import 97% of the food we eat at a cost of $2.5 billion. This huge expense represents a great opportunity. If we can grow and process 10% more of our food, we can add approximately $500 million each year to the state’s economy. Farm to Plate encourages more jobs—growing, processing, distributing, and selling Vermont food. Vermont agriculture, now very dependent on dairying, will become more diversified and stable.

Farm to School connects schools to local farms to serve healthy meals in school cafeterias, improve student nutrition, provide agriculture, health and nutrition education opportunities, and support regional farmers. The Vermont program has served over 100 schools with technical assistance by providing grants for planning and implementation. Unfortunately, at the same time that we’re beginning to recognize the long-term benefits of eating healthy local foods, especially starting at an early age, the funding for this program has been cut from this year’s proposed budget. However, the economic development bill uses federal stimulus money specifically to help increase institutional purchases of fresh, locally grown foods. Passage of this bill would likely mean at least partial funding of this important program.

**The Capital Bill**

Every year Vermont borrows money by issuing new bonds to finance state and some town construction projects and pays off bonds issued in earlier years. The amount of bonded dollars this year is set at $71 million. Projects include rebuilding and renovating the Bennington State Office Building with a geothermal system for heating and cooling. Expenditures will also improve state parks and fish hatcheries. The bill supports investments in agriculture to help farmers protect the water quality of lakes and rivers. Some funds may go to information technology to improve the effectiveness of government. The Capital Bill will also contain funding for towns applying for federal money to upgrade water facilities, an essential component of economic development. The Building Communities grants will continue to provide funds to municipalities and nonprofits for small capital improvement projects. Some funding will pay down the backlog of the state share of school construction still owed towns, rather than shifting the obligation to the Education Fund as the governor recommends.

**Vermont National Guard Support**

1,500 Vermonters from across the Green Mountain State are deploying to Afghanistan. On the first day of the legislative session, the House passed a resolution honoring the Vermont Guard and continues to make every attempt to ensure servicemen and women do not have to worry about their families while they serve overseas. The House and Senate passed the Military Parents’ Rights Act, which protects the parental rights of military members when they are absent from their children’s lives due to orders. Swift mobilization can be disruptive to custody arrangements, causing military parents to lose access to their children because of deployment. The bill expedites court processes and custody hearings. If guard families need financial or resource assistance, please call the Vermont Veteran and Family Outreach 24-hour hotline: (888) 607-8773.

**School budgets and education funding**

The Education Fund also faces challenges. The Governor recommends paying for teachers’ retirement and school capital expenses in the fund. This change would mean a huge increase in property tax. This year local school boards statewide have done a remarkable job delivering level-funded or reduced budgets. It looks like 2011 statewide spending will be level with or slightly below 2010budgets. The House Education Committee receives regular updates from the Vermont Department of Education. School boards and superintendents are managing staff to match declining enrollments, but special education costs continue to rise in some areas of the state. The Vermont Department of Education will be working with school districts over the next two years to help reduce special education costs.

Income Sensitivity Payments The governor proposes reducing income sensitivity adjustments to the property tax. This hits middle-income Vermonters. Income sensitivity allows working Vermont families to pay their property tax based on income. 67 % of residents in both Pownal and Woodford receive this help. The administration’s proposal reduces sensitivity by making families earning $60,000 to $75,000 pay up to 2.25% of their income. The current rate for those families is 1.8%. Also, the governor asks those making $75,000 to $90,000 to pay 3.5% of their income in property taxes. The combined impact of the governor’s plan would increase homestead education taxes on middle-income households by $24.5 million. Income sensitivity would be eliminated for 15,609 households and reduced for 17,285 households. It would shift taxes paid by those with the highest incomes to those with lower incomes. It would reduce school taxes paid by owners of non-residential property at the expense of property owners with incomes between $60K and $90K.  These are household incomes, so families with two wage-earners who make between $30K and $45K each would be negatively affected***.*** Income sensitivity allows retired and elderly Vermonters to live in their homes.

Teachers’ Retirement Changes  The bill which passed the House changes normal retirement eligibility for those with less than 25 years of service or who are less than 57 years old. The bill protects benefits for current retires and those close to retirement.

Consolidation or Merger Proposals The House is considering a bill that proposes to reduce the number of supervisory unions from the current 60 to no more than 16, similar to the current technical center districts. If the bill passes, by July 1, 2012 the commissioner of education will finalize the new districts. The new supervisory unions would have one board with at-large representation and one superintendent. All purchasing, special education, transportation, negotiations, determination of common level of appraisal, school choice, technical center and preschool affiliation, and other transitional issues would be fully implemented by July 1, 2014. In many ways the supervisory unions would be similar to our SVSU. Another proposal would provide incentives for neighboring districts to voluntarily merge by 2018. Incentives would set education spending and a tax rate for four years without budget votes until then.

**Texting and Highway Safety (156 words)**

The House is working on a comprehensive approach to highway safety. The Senate passed a ban on texting, part of the larger problem of distracted driving and public safety.  Cell phone use quadruples a driver’s risk of a crash and youth are more likely to be in crashes. The National Center for Disease Control considers youth highway fatalities a public health risk. Every year highway crashes cost Vermont $234 million in Medicaid, emergency services, law enforcement, and other programs and services. The House will likely add to the Senate bill.

**Health Care Improvements**

Everyone needs insurance or access to care through a free clinic or a community health center. When uninsured people have to use the E.R. the cost gets shifted to the insured. We’re strengthening the Blueprint for Health and the idea of “medical homes” which is a community care team that can help with lifestyle, medications, post-hospital treatment and more. The right care at the right time costs less than acute care at a hospital. We’re trying to keep reimbursement rates for primary care up so doctors can see you if you’re on VHAP or Catamount. Because there aren’t enough primary care doctors, we’re supporting loan-repayment programs that help family doctors settle in Vermont and programs that encourage young people to pursue health care careers. We’re encouraging the use of generic drugs instead of expensive brand-name drugs that perform as well. Finally we’re exploring ways to save Vermonters money by, for example, eliminating duplicate tests or procedures, reducing hospital re-admissions, and simplifying forms.

Catamount Health is Vermont’s health care plan for adults who don’t otherwise have insurance; Dr. Dynasaur generally covers children.  It’s a public-private partnership, which means that the state subsidizes premiums for people up to 300% of poverty but contracts with private insurance companies (Blue Cross and MVP) to manage and pay claims. Expansions of Catamount largely depend on federal health reform, which might allow us, for example, to waive or shorten the 12-month waiting period, eliminate pre-existing condition exclusions, and make coverage more affordable for more people. The Governor has recommended raising the deductible from $250 to $1,200 as well as significantly raising the co-pays. But the legislature will do its best to keep the deductible under $500 and to keep co-pays as low as possible.

 If you have questions or concerns,

or if you would like more information,

please contact me:

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Stay in touch,

Bill

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