

TOWN MEETING LEGISLATIVE UPDATE

REP. CHUCK BOHI & REP. KEVIN “COACH” CHRISTIE

We want to thank you again for the privilege of serving as your representatives. During these difficult times and as we make tough decisions it is important for us to hear from you. Feel free to give us a call.



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The Budget

The sluggish economic recovery continues to create budget difficulties for households, businesses, and government on the local, state and national levels. The legislature will pass a balanced budget this year, as Vermont has always done, but after four years of declining revenues and cuts, the job is increasingly difficult. In the past three years we have faced and addressed revenue shortfalls that total \$753 million. To solve those budgets' gaps, we've imposed \$260 million in budget reductions; applied \$401 million of federal stimulus funds; added \$30 million in new tax revenue and improved compliance; and used \$61 million out of reserve and redirected funds.

The \$173 million shortfall in this coming year's budget largely comes from the loss of federal stimulus funding, which helped us weather the brunt of the economic storm with the smallest impact to Vermonters possible. The good news is that thanks to revenue improvements and good fiscal management in the current year, we will have \$29 million in extra funds that we can apply to the shortfall.

Further, savings in this year's budget were created by last year's actions: permanent changes to teacher's retirement, a 2 year pay cut for state employees, and ongoing structural changes to government services. Without these, we would be looking at, at minimum, an additional \$53 million hole.

In order to focus limited state financial resources on our top priorities, the Appropriations—or budget-

writing—Committee has been asking agencies to describe the outcomes they are trying to achieve. This is another step we are making towards outcomes-based budgeting in which tax dollars are used to pay for specific, proven results.

We are working to prioritize investments that meet the most basic needs of Vermonters and strengthen our economy. We remain grateful for the collaborative effort and work done by the State, and we are working diligently to make the state's expenditures match its revenues. We are working to maintain Vermont's fiscal integrity as well as our commitment to citizens most in need of assistance in this tough economic time.

Honoring Our Veterans, Welcoming Home Our Troops

As many of our deployed soldiers have returned from their missions overseas, we would like to take this opportunity to welcome them home, and to thank all veterans for their service and sacrifice. We began the biennium commemorating the lives of four fallen soldiers killed in combat in Afghanistan, and honoring their families. They made the ultimate sacrifice for their country, and we pay them our deepest respects. We also re-elected Vermont National Guard Adjutant General Michael Dubie, who has done an admirable job navigating the challenges presented by the Guard's mission in Afghanistan while maintaining full emergency preparedness here at home.

We have also passed legislation to support our veterans and recently returned soldiers, as well as their families and employers. While it is already in law that a member of the Guard cannot lose his or her job due to deployment activities, many soldiers coming home from recent deployments do not have a job to return to. The House fast-tracked a bill that will allow employers to get a \$2,000 tax credit if they hire for eighteen months or longer a Guard member who has returned from a recent deployment. Additionally, with upgrades in printing technology for the smaller size, the House was able to pass a bill that allows for Vermonters to proudly signify their veteran status on motorcycle license plates.

Finally, we encourage veterans and their families to take advantage of the resources provided by the Vermont National Guard Family Program and the Vermont Office of Veterans Affairs. For more information, call the 24/7 toll free National Guard hotline at (888) 607-8773 or visit www.veterans.vermont.gov. Again, thank you to our

veterans, their families, and their employers for your service and sacrifice.

The Two-Vote Provision

The House Education committee recommended a repeal of the two-vote or split-vote provision one year before it is due to sunset because it did not work, and local boards had actually reduced spending on their own. The intent was “to reduce spending overall by forcing two votes on a budget that had an increase of more than 1 percent of the increased cost of living compared to the prior year’s budget if a district had more than state average spending. However, a small increase could affect a moderate-spending district while a high-spending district could increase their spending by a much larger sum of money while staying within the same percent range. No high-spending districts were affected by this provision.” Voters would also lose their right to approve or disapprove special warning items as they saw fit. It was insulting to local elected boards that had carefully prepared a budget and insulting to local voters who were asked to evaluate and vote on that budget proposal.

Health Care

Vermonters who face big increases in their medical bills and insurance premiums know that our health care system is broken. It can and must be fixed. Health care for Vermont residents will cost \$5.9 billion dollars in 2012. That is a \$2 billion dollar (or 50%) increase since 2006 alone that will be paid mostly by employers and employees who pay for private insurance.

A leading health care expert from Harvard, Dr. William Hsiao, outlined recommendations for fixing our system. His proposal would provide universal health care to all Vermont residents, create up to 5,000 jobs, reduce costs for most employers and workers, and save hundreds of millions of dollars.

Governor Shumlin offered a plan for implementing a new public/private health care partnership similar to Dr. Hsiao’s recommendations. The legislature is working carefully to review the plan. It builds on the federal health care law but takes it a step further to a more comprehensive reform of how we deliver and pay for care, creating a better system to control costs and provide all Vermonters with health care that is not tied to employment.

Vermonters should be proud of our leadership on health care reform. Without additional comprehensive reform, our system is simply not sustainable. While change can produce uncertainty, we can fix our broken system, control costs, and keep Vermonters healthy.

Education Governance

We will be examining the manner in which education governance currently operates and how reorganization could contribute to a more effective and efficient system. The roles of the Governor, Commissioner, State Board, Local Boards, Dept. of

Education and the Legislature are all under review. (The VT Business Alliance report is a good beginning point for discussion.) The House Education Committee will have a bill out shortly to focus the discussion and has a **Public Hearing on Governance** planned for March 9, 2011 from 5:00-7:30pm in room 11 at the State House.

Education Funding

The House Ways and Means Committee is working on several proposals that would change how we assess and collect the education portion of our property taxes in Vermont. We are concerned that our current system has become too burdensome, complex, and—in some cases—unfair.

We are considering five changes:

- 1) **State administration of the education tax** including calculating, billing, and collecting education property taxes. Challenges include: who would be responsible for the collection of delinquent taxes, and how towns will manage payment to schools without managing “the float.”
- 2) **Changing the way the CLA** is represented on the education tax bill. If we did this, one could compare different tax rates in towns and school districts from year to year.
- 3) Currently we manipulate the base education per pupil payment, the base state education penny rate tax, and the base education income tax rate. Alternately, **we would use the amount in the education fund contributed by all sources** to produce a capacity base education per pupil education spending rate. Each school district could then determine its own local tax rate based on the percent its local spending exceeds the state capacity to fund education.
- 4) Several options to **improve the transparency and equity of our education property tax**. The options include an income-based tax, a property-based tax, and one in which households pay a percentage of their education property tax based on income.
- 5) Moving the calculation of “household income” to federal **adjusted gross income** taken directly from the federal form. This would simplify the system for both the taxpayer and the tax department and resolve some of the current problems with calculating household income.

Again, thank you so much for this opportunity, on behalf of your District-mates Representative Chuck Bohi and Representative Kevin “Coach” Christie