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## Sullivan: It's not just about new taxes

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By **Linda Joy Sullivan**

We are witnessing this week the Legislature's seemingly perennial struggle to pass a budget. Although this is really the only thing we need to accomplish during the session, we sit in Montpelier for five long months seemingly able only to end every session like we are ending it this year: with high anxiety around the prospects of budget vetoes, fights between the Senate and House over financial priorities and ultimately, many would say, an air of sheer chaos.

These are the two dominant themes I see in how we come up with our budgets: First, we have a blood lust for new sources of revenues. Second, there is almost complete aversion to even beginning a conversation about how we might make government more efficient.

Bottom line, Vermont – a small state with a dramatically declining and aging population – simply likes to spend. Couple that with our relatively meager industrial tax base and you can see the problem. This year we have had again to resort to last minute measures to bridge fiscal gaps. "Let's clean up Lake Champlain by borrowing from the Education Fund and laying the burden on already overburdened property tax payers," has been one recent play. Or, another: "Let's impose a tax on the greenest and smartest sector of our economy, those who design and sell software products that are the future of our mid-21st century economy." In the meantime, we have this massive unfunded teacher pension liability looming that will eventually cripple us financially if a comprehensive solution continues to evade us.

I have never been a "no new taxes" legislator. I voted for the last two budgets. I voted to override vetoes last year and the year before that, that were premised on what I believed was a hard (and in my view unrealistic) line Gov. Phil Scott drew in the sand. But I see now the imperative of changing our ways.

We need a paradigm shift. We have to avoid the yearly temptation to give in to feel-good spending and to instead study – and actually launch – structural reforms that will instill greater discipline in how we spend.

Here's one example: The last two years we ended the budget year with excess funds (the result of our unexpectedly outperforming tax revenue forecasts). Our special interest community-based "Designated Agencies" managed rapidly to mobilize and convince my colleagues to sweep large sums of that newly found cash into their coffers.

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Now, no doubt our Designated Agencies play a very important role in delivering critical mental health and disability services to those Vermonters in need. And no doubt that increases in worker pay at our "DAs" were important to ensuring staff retention. But the speed with which we wrote the check was amazing, and virtually without any study or discussion of competing priorities, to the point that, when some of our legislators urged that we tailor the spend to better ensure that workers – and not administrators – get the money, they were essentially told, "We can trust these

administrators to spend our money appropriately."

Continuing with this example: The DA system was established in the late 1960s, when the Legislature saw wisdom in decentralizing much of our social services spending to decision makers at the community level, on the theory that only our communities could best determine what the real needs were on the ground. So, Vermont established 11 such DAs around the State (and now another three or more additional "SSAs," or Specialized Service Agencies) to do that – and the State has for the past 50 years financed 11 CEOs, 11 CFOs, 11 COOs and 11 sets of mid-level administrators and administrative support systems. No mind that the DAs on average today serve "cachement areas" totaling only 60,000 people, of whom only a portion ever interact with a DA or one of its affiliated social service agencies. No matter that our State Auditor, Doug Hofer, cogently observed almost five years ago that we as a State do a poor job tracking the spend of the almost \$300-plus million dedicated to the DAs every year – no doubt due to the amount of work that would have to be done to ensure that these many organizations, each with their unique financial and disbursement systems, remain fiscally accountable.

Could we not, then, instead of instinctively "feeding the beast" pause and think about consolidating these DAs so that we reduce their number to maybe 4 or 5 regional organizations, and in the process capture efficiencies of scale and reduce administration expenses without sacrificing in any way the quality and delivery of social services around the State? It's what the Visiting Nurses Association did in the southwest corner of the State, and by all accounts it has worked out very well. Or maybe we also roll what these agencies do into the larger (and impressive) "accountable care" healthcare initiative Gov. Peter Schumlin launched before he left office.

I don't mean to "pick on" our DAs, but the reality is that they have become dependent on year-over-year budget appropriations that are seemingly passed without serious study or attempt to identify and capture real efficiencies. Yet our Legislature has plainly the ability – if not the present resolve – to do that work. The obvious template is the work of the Legislature just a few years ago in passing Act 46 and beginning the very difficult work of consolidating

an imperfectly structured education system. However one views the wisdom of the policy underpinnings of Act 46, the Legislature demonstrated the will - and raw courage - to take on needed structural reforms that should eventually turn the ominous fiscal education spending tide we have been facing for decades.

Like addressing climate change, we no longer have the luxury of deferring keen study and hard choices when it comes to our budgets. It's time soberly and realistically to get our house — and our collective "family budget" — in good order.

Rep. Linda Joy Sullivan serves Bennington-Rutland in the Vermont House of Representatives.

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