



*Taking a stand for a Vermont that works for everyone*

Steering Committee

**Dan Barlow**  
Public Policy Manager,  
Vermont Businesses for  
Social Responsibility

**Paul Cillo**  
Executive Director,  
Public Assets Institute

**Carlen Finn**  
Executive Director,  
Voices for Vermont's Children

**Dan Hoxworth**  
Executive Director,  
Capstone Community Action

**Karen Lafayette**  
Legislative Advocate,  
Vermont Low Income  
Advocacy Council

**Ed Paquin**  
Executive Director,  
Disability Rights Vermont

**Colin Robinson**  
Political Director  
VT NEA

**Julie Tessler**  
Executive Director,  
Vermont Council of  
Developmental and  
Mental Health Services

April 13, 2017

The Honorable Mitzi Johnson, Speaker of the House  
The Honorable Tim Ashe, President Pro Tempore of the Senate  
Vermont State House  
115 State Street  
Montpelier, VT 05633

Dear Speaker Johnson and President Pro Tempore Ashe,

We're writing with a plea for bold action. Last fall's election demonstrated one thing loudly and clearly: people want political leaders to act, to address the problems that are all around us. Across the political spectrum, people feel ignored by government and left behind by an economy that rewards those at the top.

Vermonters want a vision for what the state can be in five or 10 or 20 years and a path to a more prosperous future. The state budget should be part of that vision, but for over a decade Montpelier has focused on immediate, yearly budget gaps. The Great Recession was clearly a major crisis that required everyone's full attention. But the recession officially ended almost eight years ago. It's time for Montpelier to begin to address the state's chronic problems like poverty, especially among young single mothers; the lack of affordable, high quality child care; the high cost of higher education; the underfunding of the mental health care system; pollution of the state's waters, and jobs that don't pay enough to support a family.

Vermont has structural fiscal problems. Health care has been consuming a bigger and bigger share of available revenue, which has squeezed the rest of state government. Meanwhile, revenue growth has not kept pace with economic growth. These structural problems will take time to solve, but the sooner elected leaders begin to address them the sooner they will be solved.

Here is what the Legislature can do now:

**1. Begin to make smart investments, starting with the governor's recommended new funding for early care and learning and higher education.**

The governor's vision to expand our idea of public education—from early childhood through college and beyond—is the right one. Quality child care and early education are critical to preparing kids for adulthood, and postsecondary or technical education is a prerequisite for a successful career. Additional funding for the child care financial assistance program and institutions of higher education is a good step toward achieving that vision, but it shouldn't come at the expense of pre-K to 12 schools. The state also needs to make other strategic investments in affordable housing, the developmental and mental health system, services that provide pathways out of poverty, cleaning up the state's waters, and other key areas.

**2. Fill the budget gap without additional damaging cuts.** Cuts over the past decade or more and the growth in health care costs have already undermined the state's ability to competently deliver the services that Vermonters need and want. Two years ago, for example, Vermont reduced Reach Up grants for families with adults receiving disability benefits, leaving 700 families already facing poverty in worse shape. Diverting funding for housing programs to help balance the General Fund means fewer Vermonters have access to affordable housing.

**3. Eliminate income tax loopholes that primarily benefit the wealthy, and lower tax rates for everyone.** By reducing all the income tax rates and eliminating the top bracket, most Vermonters will see a tax cut. The top marginal rate will go down, making Vermont more competitive with other states. And Vermont can make the tax system more progressive by eliminating itemized deductions and phasing out the benefits of the lower tax brackets for Vermonters making more than \$300,000 annually.

Most states with an income tax use federal adjusted gross income (AGI)—income before deductions and exemptions are applied—as the starting point for calculating their state taxes. Vermont is one of only seven states that start with federal taxable income—the amount left over after deductions and exemptions—which is substantially less than federal adjusted gross income.

Taken together, these changes produce savings to support needed strategic investments and make the tax system more fair.

As the attached Public Assets Institute analysis shows, taking these steps will allow the Legislature to lower income tax rates, balance the budget, and start to make smart investments that will begin to address Vermonters' needs.

We hope you will consider this approach to the fiscal 2018 budget. We recognize that this is not easy. But it's the right direction for Vermont and will put us on the path to becoming a state that works for all Vermonters.

For One Vermont,

Dan Barlow, Public Policy Manager, Vermont Businesses for Social Responsibility

Melissa Battah, Community Organizer, Vermont Interfaith Action

Paul Cillo, Executive Director, Public Assets Institute

Jan F. Demers, Executive Director, CVOEO

Carlen Finn, Executive Director, Voices for Vermont's Children

Dan Hoxworth, Executive Director, Capstone Community Action

Karen Lafayette, Legislative Advocate, Vermont Low Income Advocacy Council (VLIAC)

Ed Paquin, Executive Director, Disability Rights Vermont

Colin Robinson, Political Director, VT NEA

Julie Tessler, Executive Director, Vermont Council of Developmental and Mental Health Services

cc: The Honorable Phil Scott, Governor  
The Honorable David Zuckerman, Lt. Governor  
Members of the General Assembly

[Attachment](#)