
2011 Public Policy Statement

PREAMBLE

The Rutland Region Chamber of Commerce (RRCC) and Rutland Economic Development Corporation (REDC) represent over 650 individual member businesses. Combined, our members employ approximately 20,000 local residents. This Public Policy Statement is a result of a concerted effort by individuals representing a broad cross-section of our memberships. It incorporates input solicited from the combined rolls of the two organizations.

Manufacturing continues to be a critical segment of our regional economy, but it experienced considerable losses during the recession of '08-'09. While manufacturing makes up 12.1% of our total labor force in the region, more problematic is the fact that it now only makes up 14% of regional wages, a loss of almost 4%. Workforce reductions at high wage companies will have a long term negative impact if we are unable to replace those jobs with employment at an equivalent level. Coupled with this job loss is the reality that 22.2% of our regional workforce is over age 55. We need the creation of high wage manufacturing jobs to keep our youth here and employed; jobs which pay 28.6% above the regional average. Policies and programs must be viewed with this goal in mind.

We are committed to the economic vitality and quality of life of the Rutland Region. In fact, we believe that we cannot have one without the other. Our focus is on creating a climate in which new and better jobs are created and workers are equipped to perform those jobs. Our hope is that current and future generations will choose to live and work in the Rutland Region and to enjoy a high standard of living.

Despite the clarity of this hypothesis, we are concerned about the challenges faced by business in our region. Business can not produce the outcomes we desire for our community while, at the same time, fighting efforts to encumber their work with burdens and demands on their resources. Legislative initiatives must partner with business concerns for a positive future direction for our region and Vermont.

EXECUTIVE SUMMARY AND CONTENTS

- I. **TAX POLICY/FISCAL POLICY (Page 4)** – RRCC and REDC advocate for economic policies that encourage the growth and expansion of the private sector free enterprise economy, that reduce the unnecessary regulatory burdens associated with operating a business, that decrease the economic burden on Vermont’s businesses, and encourages the growth, expansion and hiring of employees. Vermont cannot tax its way to prosperity. We support policies that reduce government spending, by cutting the size and expenses of operating the government. We oppose the raising or redistribution of any taxes.
- II. **HEALTH CARE (Page 5)** - RRCC and REDC support a medical care system within the State of Vermont which financially supports the high level of excellence we currently enjoy at the lowest price possible for our residents. Accomplishing this objective will require Medicare and Medicaid to begin to pay the actual total cost of the services they purchase so that the "cost shift" placed on self pay and commercial insurance patients will be eliminated. In addition, this will require an appropriate balance of private physician, hospital, home care, hospice and nursing home services to promote and maximize community health in Rutland County.
- III. **ENERGY (Page 5)** - Competitive energy costs are vital to retaining and attracting employers. Financially strong, local utilities generating affordable, reliable energy are vital to a prosperous economy and provide good jobs with all the usual economic benefits of major businesses, including increasing tax revenue. Utilities need to be able to raise capital at competitive rates for projects that benefit Vermonters, such as modernizing the outdated grid. In addition, we must begin the process of providing for our long-term energy needs.
- IV. **EDUCATION AND EDUCATION FUNDING (Page 6)** - Public education should provide students with the knowledge and skills needed to fulfill the basic responsibilities of an adult in our community and the world at large. It should also provide a solid foundation for life long learning and the adaptability to be successful in the evolving and ever changing workplace of the future. Currently, our enrollments in the Rutland area and statewide are declining. This is a trend that will continue for the foreseeable future. With the current demographic trends in mind, we support State and local efforts to contain costs.
- V. **WORKFORCE DEVELOPMENT (Page 8)** - 2011 is without a doubt a year of difficult financial challenges for Vermont and for Vermonters. When Act 46 was passed in 2007, it began a process of solid investment in our workforce and it recognized the positive link between having a skilled workforce and its impact on economic development for the state. In this difficult economy, it is vital that we continue to invest in the development of skills for our workforce by providing financial support to employers for continued training.
- VI. **PERMITTING (Page 9)** - The permitting process continues to be an unpredictable burden on individuals and businesses in Vermont. It increases the cost of development, reduces employment opportunities, contributes to the decline of the region’s population, decreases profitability, increases the cost of government and reduces the potential for new revenues. We endorse amending the permitting process so as to be objective, quantifiable, predictable and timely.
- VII. **TELECOMMUNICATIONS (Page 10)** - Affordable, high speed telecommunications service is essential to meet the needs of Vermont’s businesses, schools, emergency services, residents and travelers. This modern infrastructure is now crucial to compete nationally and globally.

- VIII. TRANSPORTATION (Page 11)** - The regional economy depends on the ability of both passengers and freight to move freely into, out of, and through the region using all methods of transportation. Creative methods of funding transportation projects must be developed and implemented to insure that roads and bridges are economically maintained, that public transportation is adequately funded, including support for continued operation of the Ethan Allen Express (Amtrak). We must pursue the Western Rail Corridor Initiative and Rutland Railyard relocation project and other necessary rail improvements, such as Middlebury Rail Spur. We must continue construction of currently planned highway projects along Route 7 North, and all major roadways leading in and out of Rutland County. We must continue to pursue improvements to the Rutland Southern Vermont Regional Airport including completion of the Instrument Landing System (ILS) and joining the runway extension with mandated Runway Safety Area (RSA) construction.
- IX. TOURISM MARKETING (Page 12)** - Vermont and Rutland County rely heavily on travel and tourism to support the economy. Each year, visitors make 14.3 million person trips to Vermont for leisure, business or personal travel. Visitors spend \$1.6 billion annually, support 37,490 jobs, and contribute \$206.9 million in tax and fee revenues to the General, Education, and Transportation Funds. The average overnight visitor to Vermont spends \$179.91 per person trip. The average day visitor spends \$67.16 per person trip. Other tourist areas compete aggressively with Vermont for these benefits. Maintaining our position requires constant vigilance and warrants additional investment of state funds.
- X. EMPLOYMENT PRACTICES AND WORKER'S COMPENSATION (Page 13)** -
Employment Practices - In order to allow our economy to grow and flourish and allow our employers to offer their employees competitive compensation, Government must avoid adding any mandated increases and burdens on employers.
Workers' Compensation - We support improved worker safety without state mandated programs that increase costs to employers and hinder job creation. Injured workers should return to work safely, quickly and cost effectively. The longer a person spends out of work, the less likely he or she is to return. We support the workers' compensation program as a means of compensating employees injured in work-related accidents or by occupational diseases while protecting employers from legal liability.
- XI. VERMONT STATE PENSION SYSTEM (Page 14)** - Most privately funded organizations in the United States have determined that a Defined Benefit Pension Program is no longer sustainable. Vermont continues to offer a Defined Benefit Pension Plan to its employees. This plan is significantly underfunded. Although a small amount of "tweaking" was accomplished during the last legislative session, RRCC and REDC continue to believe that this program is still unsustainable and that the State of Vermont must convert all employees to a Defined Contribution form of Retirement Plan.

I. TAX POLICY/FISCAL POLICY

RRCC and REDC advocate for economic policies that encourage the growth and expansion of the private sector free enterprise economy, that reduce the unnecessary regulatory burdens associated with operating a business, that decreases the economic burden on Vermont's businesses, and encourages the growth, expansion and hiring of employees.

Vermont cannot tax its way to prosperity. We support policies that reduce government spending, by cutting the size and expenses of operating the government. We oppose the raising or redistribution of any taxes.

- Vermont faces a fiscal crisis of significant magnitude. We support the creation of fiscal policies that allow entrepreneurs to earn a profit, to earn a return on their investment, and that encourages the growth of vibrant, private sector employment.
- Vermont's businesses will hire employees when the benefits of having employees exceed the risk. We support a fiscal policy where businesses are encouraged to hire employees, not placed at an undo fiscal risk for hiring employees.
- Vermont faces a projected \$300M shortfall in the State Retirement Fund. We support the conversion of the State Retirement Fund from a defined benefit to a defined contribution plan.
- Vermont faces a projected shortfall in the Education Fund that could result in a substantial increase in the property tax rates. We support increasing the statewide student: teacher ratio from the current 10.5 to 1 toward the national average of 15:1.
- Vermont's non-residential property owners (including businesses) pay at least 50% of the education taxes. We urge the legislature to enact a policy whereby state payments to homestead property owners are limited to the amount of the education tax obligation and high asset individuals are restricted from receiving state payments.
- Vermont's businesses face a 16% increase in FY 2011 contributions to the Unemployment Trust Fund. We support a policy that recognizes the contributions of employers and reduces the tax burden on employers.
- Vermont's businesses will face an increased economic risk through the creation of Universal Health Care. We strongly support a competitive private sector health care system and adamantly oppose a government operated, taxpayer funded, single payer health care system.
- Vermont's businesses will face electric rate increases without legislative support for the relicensing of VY. We support the re-licensing of VY.
- Vermont faces the loss of 600 direct jobs, 600 indirect jobs, \$100M loss in payroll taxes, purchase of goods and services from other businesses, a \$16.5 M loss in annual state and local tax payments if VY closes. We support the re-licensing of VY.

II. HEALTH CARE

The RRCC and REDC support a medical care system within the State of Vermont which financially supports the high level of excellence we currently enjoy at the lowest price possible for our residents. Accomplishing this objective will require Medicare and Medicaid to begin to pay the actual total cost of the services they purchase so that the "cost shift" placed on self pay and commercial insurance patients will be eliminated. In addition, this will require an appropriate balance of private physician, hospital, home care, hospice and nursing home services to promote and maximize community health in Rutland County.

Further, we support tort reform which will limit unnecessary law suits which result in increased liability insurance premiums and costly defensive medicine practices by providers. We believe that our objectives for Healthcare in Vermont will be best accomplished through increasing the number of Healthcare insurers offering their products and services here in this state.

III. ENERGY

Competitive energy costs are vital to retaining and attracting employers. Financially strong, local utilities generating affordable, reliable energy are vital to a prosperous economy and provide good jobs with all the usual economic benefits of major businesses, including increasing tax revenue.

Utilities need to be able to raise capital at competitive rates for projects that benefit Vermonters, such as modernizing the outdated grid.

In addition, we must begin the process of providing for our long-term energy needs. Therefore, we support:

- Allowing a competitive rate of return to utilities.
- Legislation to encourage consolidation of utilities in order to reduce costs through economies of scale.
- Renewing the license of Vermont Yankee, so long as it meets Federal and State regulatory requirements.
- Encouraging the construction of a base load power plant in Western Vermont.
- Encouraging extension of the Natural Gas line to Rutland.
- Reduction and gradual elimination of the substantial subsidies paid to alternative power providers.
- Prevent the expansion of programs that shift the costs of social energy programs from the state to rate payers.

IV. EDUCATION AND EDUCATION FUNDING

Public Education

Public education should provide students with the knowledge and skills needed to fulfill the basic responsibilities of an adult in our community and the world at large. It should also provide a solid foundation for life long learning and the adaptability to be successful in the evolving and ever changing workplace of the future. Currently, our enrollments in the Rutland area and statewide are declining. This is a trend that will continue for the foreseeable future. With the current demographic trends in mind, we support State and local efforts to contain costs.

To move toward greater efficiency and effectiveness, we support establishing Education Districts to:

- a. Co-ordinate Consolidation
- b. Gain Cost Controls for Efficiencies and Effectiveness
- c. Create Meaningful School Choice
- d. Establish Centers of Excellence

Specifically we recommend the following locally:

We urge the local school districts of Rutland Town, Proctor, Pittsford, Brandon, West Rutland, Clarendon, Shrewsbury, Wallingford and Rutland City and any other adjacent school district to merge into a Rutland Regional Education District (RED) as defined by the recent voluntary merger bill. This multi-town, single board district would, over time, enable the creation of a region wide education system offering magnet schools and increased opportunities for children, K-12. A unified, magnet public school system offering parents more public school choice would not be practical under the current structure of seven independent boards attempting to agree on all curriculum, transportation, financial, staffing and other decisions.

We believe a widened school system would streamline costs over time, moderate annual cost increases and offer more and richer programs to a wider number of children. School choice could be expanded locally. We believe that such a magnet school system would help to attract self-employed individuals and small companies to the area benefiting the goal of economic development. It has been shown that families and businesses strongly consider the strength of a local school system before selecting a community. Further, early action in this direction would make Rutland unique in Vermont.

The voluntary merger bill provides funding for consulting services to study this opportunity and we urge the school districts to take advantage of this opportunity.

Specifically we recommend the following at the State level:

- a. Support the Legislature's efforts to consolidate school districts into multi-town regional districts and the measured reduction of supervisory units.
- b. Reduce regulations and work requirements which might enable the shift of resources from administration to the classroom.
- c. Pursue cost containment measures including employee contributions to health care costs.

- d. Increase student/teacher ratios where they are now low to maximize levels within generally accepted parameters to lower costs and to improve the equality of education among communities.
- e. Ensure appropriate technical, vocational and career planning for all students, including those at risk or with disabilities.
- f. Encourage a uniform use of accounting software and standards to produce a consistent set of financial reports for comparison purposes.
- g. Support access to broadband and development of distance learning programs.
- h. Continue effort to establish a unified school calendar to facilitate consolidation and school choice opportunities.

Technical Education

Legislation in recent years has supported technical education and training through the Next Generation grant-making process as well as the standardization of the payment structure by way of the six semester rolling average for technical center high school students and through innovative programming funds. Stafford Technical Center asks that legislative leaders support the following as they make difficult fiscal decisions on behalf of Vermonters:

- a. Continue to support education and training which relies upon technical centers as a provider using Next Generation funds. Similar to the Community College System, technical centers are conveniently located throughout the state.
- b. Continue funding levels that are in place through the Vermont Training Program, while at the same time allowing for flexible and streamlined reporting procedures that will support employees and employers.
- c. Continue support for program innovation funds that encourage proactive planning for future skill training.
- d. Fund adult education coordinators at the level outlined by statute.

Education Funding and Quality Accountability

In the current economic climate, controlling and reducing the cost of Vermont public education is a must. The major cost factor is in personnel. The vast majority of the statewide education cost is in salaries, benefits, and employment taxes. A major way to contain and reduce education costs is through consolidation.

With the advent of the computer age and related technology, and a backdrop of declining enrollment, and with the state and federal governments' increasingly controlling education, there is no need for every town to be an independent school district as a legal entity which drives up administrative costs and works against consolidation of schools and resulting larger class sizes. Correspondingly, consolidation of school districts would enable the measured consolidation of supervisory units such that superintendents would be spread over more schools, ideally in the range of about 10 each, to insure proper oversight, evaluation, mentorship, and curriculum and assessment control of building administrations. Classes or schools should be consolidated. A statewide teacher's contract should be required.

Quality products and services in the business world are a function of competition. The legislature should review all options which will encourage the drive to education excellence, including performance-based pay. Increased school choice is a viable goal that can be attained by the merger and consolidation of school districts. The Regional REDs referenced above could provide a fair, effective and efficient approach to school choice.

V. WORKFORCE DEVELOPMENT

2011 is without a doubt a year of difficult financial challenges for Vermont and for Vermonters. When Act 46 was passed in 2007, it began a process of solid investment in our workforce and it recognized the positive link between having a skilled workforce and its impact on economic development for the state. In this difficult economy, it is vital that we continue to invest in the development of skills for our workforce by providing financial support to employers for continued training.

We specifically support the following policy recommendations:

- a. Restore the next generation funding for the Vermont Training Program (VTP and Workforce Education Training Fund (WETF)).
- b. Sustain and expand the State Apprenticeship Program – an essential resource for development of the skilled trades.
- c. Sustain employment services that specialize in linking untapped labor pools with suitable employers.
- d. Consider new strategies to facilitate the recruitment and retention of mature Vermonters such as policies that provide incentives for mature workers to become/remain employed and/or policies that remove barriers to continued employment.
- e. In light of the increase of the minimum wage to \$8.15 effective January, 1 2011, we would recommend that there be an adjust of the percentage allowed for the benefits under the Vermont Training Program criteria to ensure small business can participate in this program; At present, the statue reads, to be eligible for VTP the trainees must make twice min. wage = \$16.30 without benefits given. However, if the employer provides said benefits the wage rate can be lowered as follows:
 1. New hires are given a credit of 30% off the \$16.30 = \$11.41
 2. Existing employees are given a credit of 20% off the \$16.30 = \$13.04

In combination of high unemployment and more importantly the increase in healthcare/ medical benefits, benefits package given to an employee average around 35-40% (e.g. the State of Vermont), we would recommend the following:

We raise the credit limit given up 5% points to be more in line to what the actual costs are in the market place and would allow more unskilled Vermonters to be trained.

1. New hires given a credit from 30% to 35% off the \$16.30 = \$10.60
 2. Existing employees are given a credit from 20% to 25% off the \$16.30 = \$12.23
- f. Repeal the bureaucratic burdens enacted in the past legislative session for the VTP. We believe these changes did nothing to improve the effectiveness of the program, and only serve to increase costs on employers and program providers.

VI. PERMITTING

The permitting process continues to be an unpredictable burden on individuals and businesses in Vermont. It increases the cost of development, reduces employment opportunities, contributes to the decline of the region's population, decreases profitability, increases the cost of government and reduces the potential for new revenues.

We endorse amending the permitting process so as to be objective, quantifiable, predictable and timely.

Agency of Natural Resources

We endorse the following:

- a. All rules and general permits offered by the Agency(s) should be subject to the APA (Administrative Procedures Act) process.
- b. All proposed rules should bear the statement, signed by the Secretary: "The agency hereby certifies that these rules are clear, concise, without internal conflict, are not subject to mis-interpretation, and that all agency personnel will interpret these rules identically."
- c. Permit specialists from the Agency of Natural Resources and the Act 250 district offices should be moved to the Agency of Commerce and function as a facilitator on behalf of the applicant or permittee.
- d. All RCC and RDC's should be a participating member in any effort to reorganize the Agency.

Act 250 Permit Reform:

We endorse the following:

- e. Revise the rules to make all state and local permits, and decisions, evidence of meeting the regulatory requirements and the District Environmental Commission cannot overturn the decision(s).
- f. Revise the rules to instruct the District Environmental Commissions to rule only on the evidence presented by both the applicant and opponent.
- g. Eliminate double jeopardy, having Act 250 and local zoning/subdivision apply in any community, only one should apply,
- h. Revise the statute to make the rules of evidence based on "clear and convincing," not "a preponderance of" the evidence.
- i. Revise the rules to allow pre-existing projects with municipal water and sewer on previously developed properties to be exempt from Act 250 jurisdiction (exemption does not extend to ANR permits required separately).
- j. Consider the recommendations of the Smart Growth Committee when they are completed.

Local Development Review:

We endorse the following:

- k. Require training for all local officials involved in development review, ensuring consistency and fairness in the implementation of local regulations.
- l. As provided by existing statute, allocate to the Municipal and Regional Planning Fund its portion of the Property Transfer Tax, the additional funds to be used for the specific purpose of education and training of local officials.
- m. Continue funding the Education and Training Collaborative, for the specific purpose of preparing, updating, and coordinating materials and programs to be used in the training of local officials.

VII. TELECOMMUNICATIONS

Affordable, high speed telecommunications service is essential to meet the needs of Vermont's businesses, schools, emergency services, residents and travelers. This modern infrastructure is now crucial to compete nationally and globally.

As outlined in the 2010 Vermont Telecommunications Plan of the Department of Public Service we believe Vermont can and should pursue a path to achieve the following outcomes by year end 2012:

- a. Universal availability of mass-market broadband (Mass market service means that broadband service offerings are priced for and available to homes and even the smallest business.)
- b. Universal availability of mobile service along roadways (In order for users to experience mobile service as universally-available, there must be continuous coverage along those routes that connect Vermont communities to each other and to neighboring states and provinces.)
- c. Universal first responder communications (access to a state level multi-unit communications network improves responders' ability to coordinate information between practitioners.)
- d. Fiber broadband connectivity to all anchor institutions and large businesses (In the past, overarching economic challenges to the business case for sustainable broadband infrastructure in Vermont left many Vermont organizations with little or no choice of providers for enterprise level broadband and pricing was prohibitive.)
- e. Ubiquitous adoption and use of broadband at home and work (Increases in home, business, and institutional broadband use and ubiquitous adoption improve the business case for availability of affordable service by lowering the per user cost of service.)
- f. Users will pay primarily for the availability of a high-capacity connection, but will have low incremental pricing barriers to extensive use of these connections once they are available.)
- g. Speeds and pricing for residential broadband on par with national urban areas (The state should seek to support availability of these services at speeds and rates that are closely comparable with those paid for by consumers in major metropolitan areas, not at premium prices.)
- h. All customer locations support smart electric meters (Most Vermont utility customers will be connected to their utility through a "smart meter" that will help customers more efficiently control their electric use. Ubiquitous broadband availability will help utilities and their customers communicate about electric use in real time.)

VIII. TRANSPORTATION

Rail

Rail transportation is a vital resource for business freight movement and tourism in many parts of the state. Additionally, increased use of freight shipments by rail can remove truck traffic from our highways and decrease the maintenance requirements for roads and bridges. The utility of Vermont's rail infrastructure is limited by the fact that it does not meet national standards for rail car capacity and 59mph speeds for passenger rail. In order to significantly increase the contribution of the existing rail systems to Vermont's economy:

We propose:

- Completion of the Western Rail Corridor Initiative beginning with the connection to Burlington from Rutland.
- Continued funding of daily Amtrak passenger rail service in and out of Rutland from Rensselaer and to Burlington from Rutland.
- Resolution and completion of the Rutland Railyard expansion and improvement project.

Highway and Bridges

Highways and bridges remain our most used transportation infrastructure. Much of this infrastructure is inadequate to meet current needs and/or is in need of repair. Local, regional and state transportation officials have worked diligently in recent years to plan and prioritize bridge and highway projects in Rutland County.

We advocate the following:

- Continued construction on the six segment-planned projects to improve US Route 7.
- Give priority to major corridors accessing Rutland County.
- Target funding for local bridge projects with high priority and urgency given to Ripley and Dorr Drive Bridges in Rutland City.
- Approve matching funds as required to secure all designated federal transportation dollars available to Vermont.
- Reduce JTOC Funding being directed away from the construction and repair of highway projects.

Air Transportation

Rutland Region and Southern Vermont must have a local airport that will accommodate commercial airlines as a key component of economic development and tourism for the region. WE are committed to working with local, state and federal officials to ensure that the continued growth of the Rutland Southern Vermont Regional Airport is a priority and is funded appropriately.

In addition to its importance to the tourism industry, access to reliable air transportation is an increasingly important consideration for employers in their site selection process.

We propose:

- Extending the primary runway (1-19 5,000) to 6,0000 feet; essential for air traffic growth
- Install the Instrument Landing System(ILS) to ensure landing at Rutland Southern Vermont Regional Airport in all conditions.
- Continue phased renovations of the terminal building to accommodate the needs of both commercial air service and general aviation.
- Acquire property as necessary for facilities expansion and hanger development. A fund should be created to purchase land when it becomes available contiguous to the airport.

Public Transportation

Title 24 § 5082 declares that “Public transportation is an important matter of state concern, essential to the economic growth of the state and to the public health, safety and welfare of present and future generations of Vermonters.” As gasoline and other energy prices increase and our populace ages, there is a growing demand for public transportation serves.

We propose:

- Adequately maintain funding of our existing public transportation system.
- Fund a MVRTD/The Bus connection from Rutland to White River Junction to provide western Vermont access to Vermont Transit connections that have been eliminated from Rutland.

IX. TOURISM MARKETING

Vermont and Rutland County rely heavily on travel and tourism to support the economy. Each year, visitors make 14.3 million person trips to Vermont for leisure, business or personal travel. Visitors spend \$1.6 billion annually, support 37,490 jobs, and contribute \$206.9 million in tax and fee revenues to the General, Education, and Transportation Funds. The average overnight visitor to Vermont spends \$179.91 per person trip. The average day visitor spends \$67.16 per person trip. *(source: A Benchmark Study of the Economic Impact of Visitor Spending on the Vermont Economy – 2007. Prepared by Economic & Policy Resources and published by the Vermont Department of Tourism & Marketing)* Other tourist areas compete aggressively with Vermont for these benefits. Maintaining our position requires constant vigilance and warrants additional investment of state funds.

We advocate the following policies in support of Vermont travel and tourism:

- The State of Vermont should implement a comprehensive cross-marketing program to promote economic development with tourism under the direction of the Agency of Commerce & Community Development (ACCD).
- The administration and the legislature should continue to increase funding for the Vermont Department of Tourism and Marketing (VDTM).

The Governors FY11 budget included \$3.6 million (level with FY 2010) plus and additional allocation by the legislature in the economic development bill of \$500,000 which brought the total VDTM budget for FY2011 to \$4.2 million.

The Vermont Chamber of Commerce Hospitality Council supported a 2011 legislative appropriation of \$6.8 million to the Vermont Department of Tourism & Marketing, which would restore funding to FY 2000 levels. In comparison the State of New Hampshire budget was \$6.5 million and the State of Maine Budget was \$8.5 million.

X. EMPLOYMENT PRACTICES AND WORKER'S COMPENSATION

Employment Practices

In order to allow our economy to grow and flourish and allow our employers to offer their employees competitive compensation, Government must avoid adding any mandated increases and burdens on employers.

Workers' Compensation

We support improved worker safety without state mandated programs that increase costs to employers and hinder job creation. Injured workers should return to work safely, quickly and cost effectively. The longer a person spends out of work, the less likely he or she is to return.

We support the workers' compensation program as a means of compensating employees injured in work-related accidents or by occupational diseases while protecting employers from legal liability.

We advocate the following:

- a. The current standard of burden of proof for mental stress claims should not be lowered to make such claims easier to maintain against employers.
- b. Continuing the reform of the workers' compensation program by assessing the appropriateness of Vermont's benefit levels and compensable injuries as compared to other states. We support a study that compares our benefits such as permanent partial, permanent total and wage replacement benefits with those from other jurisdictions to determine if caps on benefits would bring us more in line with other states.
- c. The enactment of legislation providing co-workers with the legal immunities as extended to employers.
- d. Continued development and deployment of special workplace safety training and awareness programs to demonstrate the benefits of workplace safety.
- e. The Development of medical and safety standards as guidelines.
- f. Training of physicians in workers' compensation guidelines, standards and terminology to assist them in their understanding of the workers' compensation process.
- g. The development of medical and safety standards as guidelines for all parties to adopt when applicable.
- h. Development and funding an office of enforcement and compliance within the Department of Labor to enforce the existing fraud clause in the workers' compensation rules that holds employees accountable for professing non work-related injuries/illnesses as work-related or being untruthful about the nature, severity, or duration of an injury or illness.
- i. Enhanced prosecution under the existing fraud clause in workers' compensation rules that hold employees accountable for intentional misrepresentations with the intent to obtain workers' compensation benefits.
- j. Study and report on statistics involving the number of accepted/disapproved denials (Form 2) and discontinuances (Form 27) and the number of interim orders mandated by the Department of Labor over a two year period.

- k. The enactment of laws that provide for an automatic stay of a decision of the Commissioner pending appeal to the Superior or Supreme Court. In the alternative we support legislative change that would allow for the recovery of or credit for monies paid pursuant to a final order of the Commissioner if such a finding is reversed upon appeal.
- l. Modifying the statute on permanent total disability benefits to be consistent with the death benefits statute so that a person who is deemed permanently totally disabled would be eligible to receive permanent total disability benefits for a minimum of 330 weeks and ongoing unless the employer can prove the inability to work is no longer because of the work injury, however entitlement shall cease when the claimant is entitled to benefits under the social security act as amended or thereafter at such time as the spouse is entitled to benefits under the social security act as amended; or death, whichever occurs first.
- m. Utilization of the AMA Guides to the Evaluation of Permanent Impairment 6th Edition to determine permanent partial impairment.
- n. Post-accident drug testing of employees involved in a workplace accident, while ensuring that the employer is not mandated to fund rehabilitation programs, and that the testing does not render employees immune from discipline.
- o. A biannual review and updating of the medical fee schedule.
- p. Reducing workers' compensation costs through apportionment of aggravating injuries and pre-existing conditions.

X. VERMONT STATE PENSION SYSTEM

Most privately funded organizations in the United States have determined that a Defined Benefit Pension Program is no longer sustainable. Vermont continues to offer a Defined Benefit Pension Plan to its employees. This plan is significantly underfunded. Although a small amount of "tweaking" was accomplished during the last legislative session, RRCC and REDC continue to believe that this program is still unsustainable and that the State of Vermont must convert all employees to a Defined Contribution form of Retirement Plan. This can be accomplished in a way that is fair to all current employees by following the steps below:

- All current employees would have their Defined Benefits frozen at the current level, and
- All new employees would enter the system at a defined employer contribution of no more than four percent of gross wages, and
- All existing employees would be given a defined contribution on a graduated scaled depending on age and years of service.

The actual amounts to be paid into employees Defined Contribution Plan would be determined by the Legislature based on budget consideration.