

Higher state bond cap recommended

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The Legislature will have a bit more money next year to put toward pending, multi-million dollar capital projects thanks to the higher bonding cap recommended by the Capital Debt Affordability Advisory Committee.

The new borrowing limit will be \$54.65 million, up \$5 million from this year's cap of \$49.2 million.

"I'm encouraged by that," said Rep. Alice Emmons, D-Springfield, who heads the House committee that writes the capital project spending plan. "They are seeing the pressures on the capital budget."

Those pressures include a \$90 million backlog of school construction projects on which the state has agreed to pay shares of the cost, Emmons said. To shrink the backlog, lawmakers agreed to a moratorium on adding new projects to the state's obligation list.

The Legislature also directed the commissioners of education and finance to make recommendations in January "to address the needs and pressures of school construction."

Other projects quickly gobble up big chunks of borrowed money each year, Emmons said. For example, she listed the \$38 million forensic and health laboratory under construction in Essex, expensive rehabilitation work on state office buildings with health problems and, looming in the future, the cost of replacing the Vermont State Hospital.

Senate Institutions Chairman Phil Scott, R-Washington, added to the list. "Major maintenance alone for state buildings was \$7 million, and I don't know if that was enough," he said. "There's \$50 million in deferred maintenance in state parks."

"They are not frivolous projects," Emmons said. "This is the fabric of the state of Vermont."

The legislative and executive branches of government have agreed since 1990 to limit the state's annual borrowing to a cap set by a special advisory committee, headed by the state treasurer. The strict diet has paid off.

"We used to be one of the highest debt-load states in the country," Treasurer Jeb Spaulding said, "but now we are one of the lowest states in terms of benchmarks like debt as a percentage of income or debt as a percentage of state revenues."

Vermont has the highest bond rating in New England, earning a coveted triple-A rating from Moody's Investors Service in February.

Spaulding said the state could afford to borrow more in the coming year while continuing to meet critical financial benchmarks.

"We have more needs than we have available funding," Spaulding said, "but I'm committed to maintaining our discipline."

Scott agreed. "We just have to learn to prioritize and live within our means. Borrowing more money -- I don't think we can afford that. We are up for the challenge, but it is a challenge every year."

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