

## **How Good Fiscal Health and Quick Thinking Makes Recovery Possible**

State statute outlines the broad administrative responsibilities of the Office of the State Treasurer. Here we find the nuts and bolts that form Vermont's fiduciary. These laws also allow for officials to act in proactive ways to address obstacles as they arise. One of my most important responsibilities is the ability to act effectively in the face of hardship and disaster. As State Treasurer it is my solemn duty to take prudent steps to ensure Vermont is able to withstand any challenge to its fiscal health.

Few challenges have tested Vermont's resilience as much as Tropical Storm Irene. Towns and cities across the state were pushed to the brink, and saw much of their infrastructure destroyed. Had it not been for the good financial health of the state, Vermont's hardest hit communities would have been saddled with a cash flow crisis. Fortunately, this was not the case.

In 2003 the state of Vermont took steps to increase the efficiency of our banking and cash management systems to maximize revenues for the state. As Deputy Treasurer I took the lead in this restructuring effort, which ultimately helped us better manage our finances. As State Treasurer, this remains a high priority.

Our work to improve Vermont's financial health came full circle in August 2011. When Irene hit the Green Mountains, I moved quickly to ensure no city or town was ignored or left behind. We brought local banks and the Vermont Municipal Bond Bank together to create a variety of options for municipal relief. Roles were defined, as well as administrative expectations. This significantly sped up the recovery process, and accelerated relief funds.<sup>1</sup>

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<sup>1</sup> \$24 million of funds were accelerated to towns in September 2011.

Source:

[http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CDMQFjAA&url=http%3A%2F%2Fwww.vermonttreasurer.gov%2Fsites%2Ftreasurer%2Ffiles%2Fpdf%2FnewsClippings%2FBFP%2520Towns%2520Assisted%2520Nov%252022%25202011.pdf&ei=UsIPUOeSCa2u0AHch4DoAw&usq=AFQjCNHfR1g61Wk6nq13-6kF0FA5d49o7A&sig2=qoRq7o\\_oJTFtjqfg6VrMGg](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CDMQFjAA&url=http%3A%2F%2Fwww.vermonttreasurer.gov%2Fsites%2Ftreasurer%2Ffiles%2Fpdf%2FnewsClippings%2FBFP%2520Towns%2520Assisted%2520Nov%252022%25202011.pdf&ei=UsIPUOeSCa2u0AHch4DoAw&usq=AFQjCNHfR1g61Wk6nq13-6kF0FA5d49o7A&sig2=qoRq7o_oJTFtjqfg6VrMGg)

As our efforts to mend continued, I launched initiatives to identify the most pressing needs of our cities and towns.<sup>2</sup> We worked with administrative officials, members of the legislature, and the Vermont League of Cities and Towns to create a relief package that gave Vermonters the resources they needed to repair.<sup>3</sup>

On top of the \$24 million we advanced to towns in September, I was able to release an additional \$125 million in education payments and \$6.4 million in local highway aid to Vermont's most vulnerable communities. The combination of the state's good financial health, quick thinking, and efficient action allowed us to provide communities with the resources necessary to recover. Our commitment to partnership ensured towns and cities a seat at the table while the Office of the State Treasurer worked to give Vermonters the resources they needed to rebuild.<sup>4</sup>

The State Treasurer must exercise proactive leadership long before challenges present themselves. The exemplary financial health we fostered after restructuring the state's stabilization reserves placed us on firm

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<sup>2</sup> The town of Willmington faced a \$2,077,000.00 education fund payment at the end of November, for instance. With many towns facing similar challenges, the Office of State Treasurer provided leadership to address their needs.

Source:

[http://www.dvalnews.com/pages/full\\_story/push?article-State+gives+towns+break%20&id=16542608](http://www.dvalnews.com/pages/full_story/push?article-State+gives+towns+break%20&id=16542608)

<sup>3</sup> Act 72 gave towns in disaster areas more time to make education payments.

Source:

[http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CCIQFjAA&url=http%3A%2F%2Fwww.leg.state.vt.us%2Fdocs%2Flegdoc.cfm%3FURL%3D%2Fdocs%2F2012%2Facts%2FACT072.pdf&ei=j35PUOmaD4rf0gH6y4D4CQ&usg=AFQjCNHdbHacyXjR5V5cULpUDzGxJNGtmw&sig2=6kF0MwkAb\\_ukGyJ1ugt9tQ](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CCIQFjAA&url=http%3A%2F%2Fwww.leg.state.vt.us%2Fdocs%2Flegdoc.cfm%3FURL%3D%2Fdocs%2F2012%2Facts%2FACT072.pdf&ei=j35PUOmaD4rf0gH6y4D4CQ&usg=AFQjCNHdbHacyXjR5V5cULpUDzGxJNGtmw&sig2=6kF0MwkAb_ukGyJ1ugt9tQ)

<sup>4</sup> See Steve Jeffrey's comments for an overview of our collaborative effort.

Source:

<http://www.vermont.gov/portal/government/article.php?news=3243>

footing for the future. In this way the Office of the State Treasurer was able to assist our communities on the path to recovery.

In addition to good financial health, collaboration across the state is an essential component of effective financial leadership. By pressing for partnership to align our banks, state resources, and local government in a comprehensive relief effort, the Office of State Treasurer became an integral hub to administer Vermont's recovery. Everyone became involved in the process.

The state of Vermont functions as the unified sum of many important parts. Likewise, our total financial health is the product of many factors. The state's strong bond rating, for instance, is the product of stable cash reserves, management of our pension funds, and prudent issuance of bonds. Our ability to provide services through state-run functions like the Vermont Municipal Bond Bank creates greater stability and additional layers of opportunity for Vermont's cities and towns.

As State Treasurer I will continue the important work of protecting our state's bond ratings. During this past legislative session, I joined with Governor Shumlin to urge the legislature to pass law that would increase our cash reserves. Additionally, I pledge to work one-on-one with towns by providing financial and technical assistance to ensure a full recovery.

Tropical Storm Irene emphasized the importance of fostering a strong foundation for Vermont's finances. It stands as a reminder of the important work we undertake in the Office of the State Treasurer. Through the prudence and partnership of Irene, Vermont's local and state governments are strong.