

## Vermont Business Roundtable:

### A Decision-Making Framework for Vermont's Future

Vermont stands at a crossroads. In fact, we've been there for some time. Economic growth, community affordability, and social equity must converge to create a sustainable and prosperous future, and yet the existing conditions of our communities are preventing them from doing so. The shared experience of community is increasingly hard to come by, and the systems we have iteratively built over time are creating complex and protracted pressure on the economic sustainability of the state and affordability for Vermonters.

An increasing demand for services is colliding with the revenue constraints of a shrinking share of the workforce. Our demographic makeup – we are old, small and poor – affects our financial and economic sustainability, while the systems and civic design that we have in place limit our ability to create a future where every Vermonter is better-off, and people want to stay here, and people want to move here.

There is an uncomfortable paradox of growth in Vermont. Growth sometimes seems unsustainable – a field we once walked may become homes for families with kids.

And yet, absent growth, the schools we fund won't have children to fill them, or middle-class workers to pay income taxes to fund the obligations of care to our aging populations. Without them, our communities are not sustainable.

The economic rationale for being a Vermonter has always been difficult, and it is only becoming more-so, precisely at the time we need more people to make that choice.

A piecemeal approach to lawmaking is the norm in Montpelier every biennium, hamstrung by budget and election cycles. This moment, as we witness the accelerated disinvestment of federal agencies from our communities and a heightened need for statewide sustainability, requires a change in thinking. Who holds the comprehensive, integrated, and long-range view of our future that wrestles with the paradox of growth?

The leaders of the Vermont Business Roundtable believe that our best path forward requires a structured and proactive approach to policymaking that creates an environment for economic vitality as a pre-condition for statewide well-being. Businesses and community are inextricably intertwined, and mutually beneficial. Employers support Vermont's tax base and invest in their communities, and in turn rely on quality education for our next generations, safe communities in which to live, and housing to support working families. The sustainability of these systems isn't just at risk, they are failing.

How do we find that path, both in Montpelier and in cities, towns, and villages around the state? By thinking critically about what is necessary and what's in place already. Our members and Board worked to craft a framework that can both be utilized early in the policy development process, and to test against systems that already exist. Our members are not elected officials or lawmakers, but they have a tremendous stake in our communities and in our common future.



This framework applies universal aspects of decision making that are vital to finding the path forward and creating policies that set the conditions for long term vitality. It is a lens through which public decisions can be viewed and decisionmakers can hold themselves accountable for the outcomes Vermonters have clearly indicated they seek. Running a business is not the same as running a government, and the intent of this work is not to promote our priority issues, but to support a thoughtful long-range view of policy development. The core function of that decision making shares important similarities: understanding direction, setting targets, and creating action.

Tremendous work has already been done in outlining the challenges that Vermont faces. From housing to healthcare, workforce population to education, we understand the barriers and challenges that affect our communities today. The bigger challenge in a public structure skewed to short-term thinking is picking our heads up and looking over the horizon. Doing so is necessary to create the conditions for a sustainable future state.

In education, as an example, we know that Vermont is facing higher per-pupil costs than most other states in the country. In part, this is because of our rural nature and a decades long decline in school aged population. Another aspect, however, is that this statewide system is left up to the constellation of municipalities that limits the capacity for statewide planning or economies of scale. The status quo is elevated above the urgent need for systems reform, harming both. This is a choice of priorities and governance, not an immutable truth of how education is delivered to Vermonters in the future.

If we have a goal of full and fully-funded schools by 2035 (an imagined future state that would dictate one level of success), then we must ensure that families have the ability to call Vermont home, and civic design that supports this vision. This drives the conversation up a level to ensure that there are affordable housing options, quality healthcare facilities, and safe communities for these families to call home.

We can wrestle with the paradox of growth or acknowledge that if we don't grow our school and workforce population, the things we are trying to save are not sustainable.

The members of the Vermont Business Roundtable comprise 100 CEOs of our largest and most dynamic organizations. Every day they operate in a complex environment filled with uncertainty, however, the pattern towards action is remarkably consistent. Making the right decisions requires asking the right questions – there's no singular correct answer and no room for orthodoxy in complex systems.

Bringing discipline to our thinking doesn't itself need to be a complex exercise. The matrix is not a tool to come up with a specific policy, but a series of lenses through which policy can be prioritized and analyzed to reduce risk and create a likelihood of success. When done comprehensively, it means that what we view as the paradox of growth is no paradox at all. The framework calls on leaders to:

- Understanding the Future State
- Explore Innovative Models
- Develop Measurable Outcomes
- Require Financial Sustainability
- Manage Risk

The goals of what Vermonters want from the future are remarkably consistent and are a shared identity that strengthens our unity. Each successive legislature can hold these truths as guiding principles while identifying policy priorities that both meet the moment and look towards the future of Vermont. While it may be stated in a few different ways, the common nexus includes:

- The ability to call Vermont home;
- Sustained and enhanced quality of life and health; and,
- For our children, families, and neighbors to have economic opportunities and security.

These guiding principles allow us to create a series of easy to understand guardrails on prioritization of action and policy to create the greatest good for the most Vermonters possible. These goals help to meet Vermonters where they are today, understand their fears, hopes, and frustrations, and to support the future state that we want to create, while creating continuity of thought with each successive legislature:

- Vermont needs to be financially sustainable, especially in an environment with limited Federal resources;
- We need strong and vibrant communities in both our rural and urban regions;
- Civic design and system development must support democratic participation, civic engagement, and representative government;
- Public policy must be transparent, data driven, and mitigated against risk; and,
- That housing, education, and healthcare are high quality, affordable, and available to all Vermonters.

By embracing a coordinated, repeatable approach to policymaking that prioritizes the aspirations of our communities, Vermont can create an integrated vision where sustainable growth is not seen as a compromise of the present, but a way to protect our future. The time to act is now.

### **Systems Innovation Framework:**

**Understanding the Future State:** To craft policies that foster sustainable growth, we must first understand and identify the future facing challenges and opportunities that the policy is addressing. This first requires a clearly articulated understanding of what we're trying to either solve or create over the next decade, and whether the policy directly impacts the levers that control that outcome.

This future state isn't just about the economy or demographic trends: Vermont has a strong history of civic engagement and democracy that needs to be promoted and supported. Community safety, quality of life, and social cohesion are all necessary components to support our demographic trends, economic wellbeing, and growth potential.

**Exploring Innovative Models:** Vermont should actively examine and adopt successful policy initiatives from other states. By benchmarking best practices, Vermont can implement policies that encourage the future state envisioned above.

Perhaps even more relevant, this is an examination of the operational model supporting the policy – does the current model in Vermont allow for us to achieve the goals that we are hoping to reach in the coming decade, or are there factors in place that are supporting the status quo that limit growth and

innovation? Identifying the contributing factors that limit effective outcomes is vital to breaking the cycle of decision-making that supports the system itself instead of the people it hopes to support.

Another relevant consideration is whether policy is even necessary to achieve the goals. Civic design is vital to mapping policy to outcomes; the correct level of governance needs to be empowered to have control over policy implementation, outcomes, and accountability. This may require innovation in how Vermont structures its layers of governance for optimal outcomes.

**Developing Measurable Outcomes:** A sustainable growth agenda must be grounded in data-driven accountability that aims to make the lives of Vermonters better. Establishing clear, quantifiable benchmarks for economic, revenue, and social progress will allow Vermonters to track success and for policymakers to adjust strategies as needed.

At a fundamental level, this requires that the policies themselves allow flexibility and course-correction as data becomes available, and metrics to indicate when a pivot in legislation or administration should be considered. This also allows for desired outcomes to be part of a long-term strategy for the State. Regular assessments and public reporting create transparency and continuous improvement.

**Financial Sustainability:** Long-term financial sustainability requires policies that incentivize targeted investments while exercising fiscal constraint based on known and projected revenues. This requires that every policy should have a comprehensive financial analysis of costs and benefits, that is both sustainable and equitably resourced. We also must understand how much of the financial stability or regulatory environment is self-determined by Vermont, and what is at risk from external factors. If we don't control the outcomes, the degree of policy or regulation that Vermont imposes should be weighed against the local impacts of creating that regulation.

By having a comprehensive financial analysis and tax impact, Vermont can benchmark our competitiveness and progress against neighboring states and pre-determined targets. Additionally, this will require prioritizing specific sustainability initiatives to ensure their viability without imposing undue financial burdens on residents and businesses.

**Risk Management:** A thorough risk assessment framework should be embedded in all policy proposals to anticipate negative outcomes. Not all risk can be avoided, but if the previous frames are contemplated in full it's possible to both mitigate risk and create risk-calibrated policies that can be altered if non-controllable factors impact the policy's effectiveness. This includes evaluating climate change vulnerabilities, economic downturns, and shifts in federal policy. Developing contingency plans and diversifying economic opportunities will enhance Vermont's resilience. Furthermore, stakeholder engagement, including local businesses, municipalities, and environmental groups, will ensure that risk considerations are well-informed and inclusive.

**Conclusion:** A sustainable Vermont is not only necessary but achievable through strategic policy development. It is imperative that Vermont acts decisively and collaboratively. The Roundtable is committed to the future of Vermont, and to supporting and holding accountable the leaders who are stepping up to face the challenges we have over the horizon.

**VERMONT BUSINESS ROUNDTABLE**  
**Systems Innovation Framework**

POLICY FRAME	Considerations for innovative design
<b>UNDERSTAND FUTURE STATE</b> Policy must identify and address future-facing (5-20 years) opportunities or challenges.	<ul style="list-style-type: none"> <li>• Is the future opportunity or challenge clearly articulated, and does the policy address the issue?</li> <li>• What are the expected future market conditions impacting the policy?</li> <li>• How will the policy positively impact the economy, social cohesion, financial well-being, and improve Vermonters' lives?</li> <li>• How does the policy support civility, enhance civic engagement, promote democracy?</li> </ul>
<b>EXPLORE INNOVATIVE MODELS</b> Policy must analyze and adopt innovative approaches to its operational model and tested against viable alternatives.	<ul style="list-style-type: none"> <li>• Is the operational model used by the policy still relevant? Will it work in 5-10 years?</li> <li>• What is the optimal operational model to achieve the program's goals? What alternatives have already been explored? What models already exist? Have other states already done this?</li> <li>• Does the policy allow for the issue to be addressed at the correct level of governance (i.e., local, regional, state)?</li> <li>• Is the policy tech-enabled and should it be?</li> <li>• Does the policy enable opportunities for local and/or non-governmental action? Can the problem be solved without centralized intervention?</li> <li>• How does the policy build equity into its operating structure?</li> <li>• What's preventing us from being innovative? What factors support the status quo?</li> </ul>
<b>DEVELOP MEASURABLE OUTCOMES</b> Policy must specify targets or metrics to chart progress toward an established indicator that will improve the lives of Vermonters.	<ul style="list-style-type: none"> <li>• How does the policy support the State's strategic plan?</li> <li>• What are the intended outcomes and how will we measure them?</li> <li>• Are the metrics sufficient to show progress and make course corrections if needed?</li> <li>• Is the policy flexible enough to allow course corrections based on data? How so?</li> <li>• Do the outcomes impact one group or region at the expense of others?</li> </ul>
<b>REQUIRE FINANCIAL SUSTAINABILITY</b> Policy must have a comprehensive financial analysis of costs and benefits with a sustainable and equitable funding structure.	<ul style="list-style-type: none"> <li>• Does the policy have a full financial analysis of costs and benefits? Does the investment create a measurable benefit?</li> <li>• Are the financial costs and benefits clearly articulated in everyday language?</li> <li>• Is the funding to implement the policy time-limited or sustainable over the long term?</li> <li>• For tax or fee changes, how does the policy improve or change our competitiveness to neighboring states?</li> <li>• Does the policy improve affordability or expand access to services for working families and in rural areas?</li> </ul>
<b>MANAGE RISK</b> The proposal must be risk-calibrated and controlled for unintended consequences.	<ul style="list-style-type: none"> <li>• What are the barriers to implementation and possible mitigation steps?</li> <li>• Once implemented, what are the unintended consequences, ongoing risks, and possible mitigations?</li> <li>• What are the controllable vs. non-controllable factors that are required for the policy to make a significant impact?</li> </ul>