
Creating Jobs and Growing the Economy in Vermont

Economic Development
Recommendations

GBIC – 1/15/13



The Greater Burlington Industrial Corporation (GBIC) is the certified nonprofit economic development corporation serving Chittenden County, Vermont. GBIC was incorporated by 50 municipal officials and civic leaders from the Greater Burlington area and was created in 1954 by an Act of the Vermont Legislature. The founders were citizens interested in creating sustainable economic opportunities for future generations.

GBIC is a key partner in Vermont's overall economic development. Serving the largest and most economically and demographically diverse county in Vermont, GBIC is one of Vermont's twelve Certified Regional Economic Development Corporations. GBIC works closely with the Vermont Department of Economic Development, The Vermont Agency of Commerce and Community Development, state officials and others to help sustain a positive business climate in areas such as labor and housing markets; business financing; education; export assistance; growth planning and development issues; and environmental concerns.

The primary goal of GBIC is the creation and retention of value-added jobs that will strengthen the region's economy and improve the quality of life for area residents. The primary economic market focus of GBIC is the region's value-added industry sectors and the region's economy-driving businesses.

To achieve these goals, GBIC annually conducts visits to each municipality and completes more than 300 business visits with Chittenden County employers. Additionally, GBIC has developed seven industrial parks and operates a Foreign-Trade Zone in the Chittenden County area. For more than 50 years, GBIC has played an important role assisting in the creation and retention of thousands of new jobs in the value-added industry sectors, which have paved the way for additional support jobs in the wholesale, retail, and service trades.

GBIC partners with many organizations that affect economic and community development in the area, such as the Vermont Technology Council, the Lake Champlain Regional Workforce Investment Board, the Lake Champlain Regional Chamber of Commerce, the University of Vermont, the Vermont Center for Emerging Technologies, and many others.



The following is a series of actionable ideas that have been created and vetted through a number of inputs ranging from some of Vermont's state economic partners to value added employers; it is a roadmap for creating the necessary economic conditions for existing and new value-adding employers to create new jobs and generate new state revenues. GBIC supports the actions in the following list as a means of taking a step towards stimulating our economy and creating job opportunities for working Vermonters.



OUR STRENGTHS AND CAPACITIES

- Most people that come to our state love Vermont; AND Vermonters REALLY love Vermont.
- Our educational systems and healthcare systems are among the best in the nation.
- We have about 300,000 working Vermonters that are recognized as some of the hardest working, enterprising and earnest labor force in the country.
- There are more women in the workplace here than in almost any other state.
- Our workforce is more literate, articulate, motivated and educated than many.
- Our unemployment rate is low and Vermont's overall job losses during the economic recession have been lower than other states.
- Vermont workers retain a strong work ethic.
- We have an established "green" image.
- We have protected our environment and it's a core value shared by all Vermonters.
- We have enduring industries in agriculture, forest and stone products and manufacturing but each is endangered.
- Annually, over 30,000 college aged students elect to come to our state to pursue higher degrees in our institutions of higher education.
- Being a small state we have remarkable access to our state legislators and Congressional representatives.
- We are located in a geographic corridor with close access to the larger urban markets of New York City, Boston and Montreal; more than 12 million people as a market base for regional exports.
- Burlington Airport (BTV) provides international and national access on a scale not seen in other rural states.

OUR CHALLENGES

- Our geographic location has become more of a cost barrier to exporting goods produced in our state and to transporting people to and from our state.
- Many Vermonters are working two jobs just to make ends meet.
- Three of Vermont's four largest employers are not businesses.
- The average age of our state's workforce is one of the highest in the nation.
- The K-12 student population is declining.
- Improved manufacturing training is needed for the area's manufacturers.



VALUE-ADDING EMPLOYER EXPANSION

The value of retaining our state's existing value adding, dollar importing, goods and service exporting employers far outweighs allocating significant resources into chasing rising star sectors. Retaining and valuing these employers is essential to saving and creating good jobs for working Vermonters. The retention and expansion of our best employers must be our #1 economic development priority.

- Vermont must increase its financial support for the state's 12 regional economic development corporations in order for them to adequately provide essential economic development services to our state's value-adding employers. Reallocate \$1 million and increase funding for RDCs so they can expand outreach to key employers and deploy resources more effectively.
- Create a Vermont Strategic Employer Designation: Emergency Employer Competitiveness Program. This program is intended to retain and grow "pillar" employers within each region. These Strategic Employers are a region's most valued for-profit, export orientated, dollar importing economic contributors and employers. Designate a period of 10 years for up to three employers in each region as "Strategic Employers." Service changing needs of strategic employers; demonstrate the value to Vermont of these employers; Incentives/exemptions include: Property Tax, Energy Efficiency Surcharges, Electric rates, etc.
- Remove Barriers to Competitiveness by listening to our leading value-adding employers and they will tell you what they need you to do to retain jobs and create new jobs.
- The Vermont economy can continue to grow through a commitment to entrepreneurship and innovation by providing entrepreneurial education and training, access to growth capital and financing, and improved technology infrastructure.
- The Vermont Training Program is one of the most effective means to help working Vermonters earn higher incomes and advance their skills. Discussion after discussion with job creators in Vermont has proven that the Vermont Training Program is Vermont's most valuable resource for increasing the skill level of employees. This program is a mechanism for investing in Vermonters. VTP funding needs to be increased to \$2.6 million.
- Require that 50% of annual funding for the Community Development Block Grant (CDBG) program be directed into economic development projects, and make the application process favorable to supporting these projects.
- Invest in innovative job training and career development programs funded by the Workforce Education and Training Fund.
- Increase funding to VMEC for assistance to Vermont manufacturing companies.

ADVANCE INTERNSHIPS THROUGH OUR INSTITUTIONS OF HIGHER EDUCATION

Part of the reason that Vermont has been able to maintain such a steady economic climate throughout most of the economic recessions of recent memory is due to the tremendous stability provided by our institutions of higher education. Due to the tremendous stabilizing influence these institutions have on our economy during downswings, we should equally leverage their capacity to influence and advance our economic preparedness during upswings.

- **Advance world-class internship programs for high school, college and university students in Vermont businesses, institutions and organizations.**
 - We have one of the most robust college and university systems in the nation, and have the highest ratio of colleges per capita in the country. Our higher education network can and should be utilized as a more direct economic driver for placing students in Vermont enterprises. This has the added benefit of aiding in resolving our state concerns with aging demographics.
 - Vermont should advance a program for organizing internships at institutions of higher education with Vermont enterprises. This would provide the greatest benefit to both students who want to have a career in Vermont and to Vermont enterprises seeking talented young people.
 - Fund the Vermont Technology Council's Technology statewide Internship Program.
- **The Legislature should support Governor Shumlin's education initiatives.**
- **A statewide central "internship repository" should be created for students at institutions of higher education and Vermont enterprises.**
- **The State should support investment in the research and technology infrastructure within our institutions of higher education, and champion the transition of innovations from these institutions into the private sector to foster renewed entrepreneurial activity and economic growth.**
- **Create more high school/college dual enrollment opportunities.**
- **Advance and support workforce and career readiness skills courses in high schools.**
- **Increase funding to UVM and the Vermont State Colleges.**
- **Work with our Congressional Delegation to attract more federal NSF and NIH research and development funding for the University of Vermont and the EPSCoR program.**



MAKING SOCIAL INVESTMENTS TO LOWER OUR LONG-TERM COSTS

Direct investments in our people and in our Vermont employees starts long before they enter the workforce. Making early childhood education, healthcare, and insurance available and cost effective to employers and employees will benefit our workforce and our businesses.

- **Invest in distance learning programs to lower the access cost of education to a wider spectrum of educational attainment.**
- **Offering and expanding public school choice gives families and students the flexibility to ensure that personal educational needs are met. This needs to be coupled with strong core curriculum in STEM education, available at all schools either in the classroom or via distance learning through advanced technology.**
- **As Governor Shumlin has proposed, investing in early education reaps rewards and cost savings for the state down the road, but investments that benefit the state should also recognize that best practices sometimes means changing the way we do things.**

JOB CREATION INCENTIVES ARE ESSENTIAL

If Vermont is to be competitive in its efforts in assisting the most valued employers grow new jobs for working Vermonters then it is essential that we have very meaningful economic incentives. The world is flat, competitive and offers many options for employers and Vermont must be competitive, fast acting and targeted in its use of resources for job creation and expansion.

- **Keep and strengthen the VEGI program. The new jobs created by this program would not have occurred in Vermont but for this economic incentive program.**
- **Eliminate the annual cap on VEGI awards. The payment mechanism and modeled growth is already structured to have a net positive effect on the state, and because incentives are not generated without first meeting the employment targets there is no chance of “over committing” state resources. The current arbitrary cap should be eliminated to accommodate the increased interest in this program and to help create badly needed new jobs.**
- **Make VEGI award payments tax free. With the current mechanism the VEGI award payments are received as income to the business. This means that with the award there is an increased tax burden paid to both the State and to the Federal government.**
- **The state should support and promote a qualified Research and Development Tax credit as a tool to foster innovation and job creation that doesn't rely on a Federal piggyback.**



CAPITAL FOR JOB CREATION AND FINANCING INNOVATION

Risk capital from public, private and non-profit sectors must increase in order to seed the next generation of products and services development and commercialization. Promoting a knowledge-based economy without a complementary financial, tax, and regulatory foundation sets an unrealistic expectation of support. Capital + Business Climate = Jobs and New Revenues.

- **The state should provide VEDA with funds to enable VEDA to continue to provide low interest loan funds and to cover loan loss reserves that enable VEDA to increase its risk tolerance for high growth value-added entrepreneurial enterprises.**

TAXES & BUSINESS SUSTAINABILITY

Vermont is a relatively high tax state. This is not a surprise; however, we need to institute more transparent and balanced tax policy and spending. We won't become a leader in the lowest tax rates in the country, but we can strategically reduce taxes that slow economic growth, become the leader in openness, and a leader in showing the meaningful, benchmarked outcomes of our state expenditures.

Strategically reducing some costs to business will stimulate economic expansion and job creation and retention

- **Permanently eliminate the tax on Cloud Computing.**
- **Vermont should lower corporate income tax, ultimately aiming to phase this out entirely.**
- **Employers are often forced to hesitate on hiring certain employees due to the risk of incurring costs associated with their unemployment insurance record should the employee not work out. The state should develop a way to lower the overall costs for employers looking to take a chance on new hires.**