

The Vermont Job Gap Study

Phase 9

Economic Development in Vermont: Funding, Priorities, and Performance

A Report by the Peace & Justice Center.

Doug Hoffer, Research Director
Christine Meehan, Executive Director
Emma Mulvaney-Stanak, Vermont Livable Wage Campaign Director

© January 2006

EXECUTIVE SUMMARY

Each year there is a great deal of discussion about economic and workforce development in the legislature as various policies and programs are created, renewed, or modified. In most cases, programs are considered separately so the full extent of economic development (ED) activities and appropriations are rarely, if ever, viewed holistically. And with some exceptions, the State does not generally contract for independent performance reviews. As a result, legislators often lack objective information about the effectiveness of the programs employed.

This report focuses on State economic development funding (amounts and priorities), goals, and indicators (relevance and performance). We also consider some strategic policy choices that flow from the assumptions and goals.

We found that the State spent over \$42 million in FY05 for core ED programs (pp.5-6). Other ED-related expenditures total another \$200 million annually (e.g., transportation,

housing, higher education, unemployment insurance, the cost of regulating development and the workplace, local expenditures, Vermont's capital gains tax exemption, and loans from VEDA).

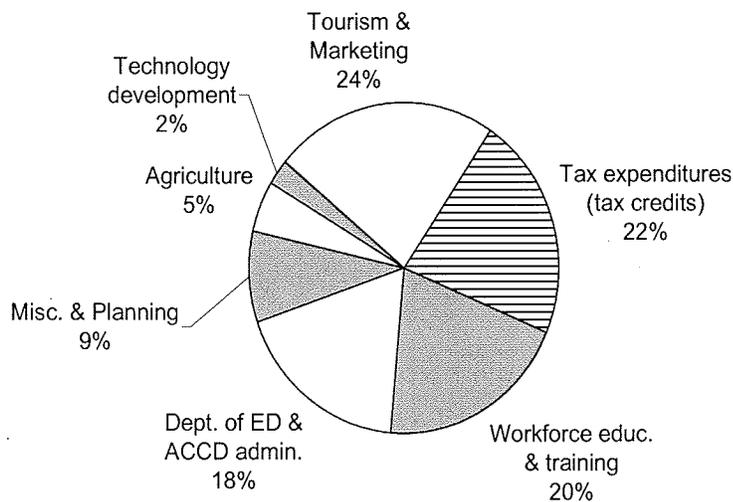
About 40% of core ED expenditures are federal but almost half was from the VT General Fund. The largest State supported strategy was Tourism & Marketing (\$5m). This is noteworthy because although tourism brings in substantial tax revenues, industry wages are low, which is contrary to the goal of creating higher wage jobs. And there is no way to measure the effectiveness of the State's contribution compared to the tens of millions spent by the private sector for advertising and marketing.

DED and the Economic Progress Council (VEPC, which produces the State's long-term ED plan) have a number of goals and performance indicators. The three most important measures are unemployment, average wages, and per capita income. All three have flaws as benchmarks for ED.

The unemployment measure ignores important aspects of labor force participation, underemployment, and job quality (p.8); average wages are misleading due to a lack of information about income distribution (p.9); and, likewise, per capita income ignores distributional issues that affect the well-being of working Vermonters (p.9-10).

In addition, the data can be deceptive. For example, the lack of progress on Vermont average wages compared to the U.S., and the comparatively low rate of unemployment (~1% < U.S. rate)

FY05 General Fund Economic Development Funding
(Sources: appropriations, expenditures & tax expenditures)



are probably due to structural causes rather than specific State policies.

Some goals are not defined and have no indicators (quality of life p.10, and economic diversification p.14). Others measure the wrong things such as human resource and technical assistance capacity (instead of outcomes) and net job growth (rather than private sector job growth).

The State should also track the wages of new jobs vs. jobs lost. We found that on average the new jobs pay less than the jobs lost (p.14).

Wages of jobs gained and lost, 2000 - 2004			
Occupational titles	# of Jobs	Avg. wage	
Jobs gained	203	25,410	\$34,885
Jobs lost	189	-31,490	\$35,116
No change	28	5,140	----

A key measure for DED (tax burden per \$1,000 of income) assumes that state taxes are important for business location and expansion decisions, and that they are a burden. In fact, **there is good evidence that state taxes are not a major cost factor in such decisions. Moreover, effective state tax rates have been declining for years and the median tax payment for 98% of Vermont 'C' corps is less than \$5,000.**

What's more, state tax rankings may be misleading. A lighter tax "burden" may be associated with lower spending for education and infrastructure (critical for ED), so a better ranking may not be in Vermont's long-term interests.

Finally, "tax burden per \$1,000 of income" ignores two key issues: 1) not all income is treated equally so the "burden" varies based in part on the type of income received (e.g., IRS taxes long-term capital gains at a lower rate than wages and Vermont exempts the first 40% of capital gains); and 2) the overall distribution of the "burden" is influenced by Vermont's dependence on regressive

taxes (property & sales) that affect homeowners, workers, and businesses differently.

Concern about the "business climate" drives much of Vermont's ED policy. But this argument is common all across America. A Lexis/Nexis search found countless articles citing officials who complained about the "business climate." Is it possible that all of America is anti-business?

Equally important are the issues not addressed by the DED and VEPC: poverty, income inequality, trade balance, and gender and race inequities. Ignoring them suggests that the State's view of ED is limited to the needs of businesses, as if their success will necessarily lead to positive outcomes (i.e., trickle down). Unfortunately, the evidence shows that this is demonstrably false since GSP keeps rising while real median HH income has been virtually stagnant for the last 14 years.

Vermont is at the mercy of forces beyond its control such as the federal budget, trade deficits, interest rates, value of the dollar, NAFTA, and cheap labor overseas. So it is not surprising that conditions here mirror those around the country.

Many successful ED programs make a difference for Vermont businesses and workers. But notwithstanding these laudable efforts, we are not making progress. Therefore, **it is essential that we evaluate all of our policies and programs to determine which are working (and deserve additional resources), which need adjustment, and which should be abandoned and replaced.** And the time is right to undertake this task because VEPC is about to update the State's long-term plan.

There are limits to what we can achieve in the short-term, regardless of the policies pursued; but we should strive for more than favorable comparisons with national averages, and strategies should be based on the best available data, not anecdotes or unexamined assumptions.

INTRODUCTION

The Vermont Job Gap Study is an effort to investigate and better understand certain aspects of the Vermont economy. Primarily, we are interested in whether the economy is producing enough jobs that pay a livable wage (LW), defined as an income sufficient to meet basic needs. There have been 8 reports to date and they are available on the Vermont Livable Wage Campaign's web site (www.vtlivablewage.org).

A great deal has happened since the Peace & Justice Center released Phase 1 in 1997. Notwithstanding all the good work, however, many working families continue to struggle and the long-term prospects are mixed at best. Based on the available data, current economic development policies are not producing gains for most Vermonters: inflation adjusted median household income is stagnant; health care costs are crippling businesses and families; pensions are at risk; income inequality is increasing; poverty persists at a high level; women's wages continue to lag behind men's; many rural areas of the state remain disadvantaged; and these problems are especially acute for a high percentage of Vermont's people of color.

Part of our goal has been to examine assumptions about economic development and job creation; provide information to help guide decision-makers; and recommend new indicators to measure the performance of the economy and the effectiveness of State programs and policies.

Phase 9 focuses on the State's funding for economic development (amounts and priorities) and the goals and objectives (relevance and performance). For years the debate about economic development has been dominated by too few people and too few ideas. And there has been little accountability because many of Vermont's policies and programs have not been subjected to rigorous evaluation. We hope this report will lead to a more expansive - and inclusive - discussion about these issues. The Vermont Economic Progress Council is about to update the State's long-term economic development plan so the time is right to revisit these issues. We hope to follow this report with an examination of the State's internal performance reviews of its ED programs and a detailed set of recommendations for better goals and indicators.

Achievements of the Vermont Livable Wage Campaign since 1997

- 10,000 copies of the Study have been distributed around the state;
- The Legislature has increased the Earned Income Tax Credit (EITC) and enacted 6 increases in the minimum wage, which rose to \$7.25 per hour in January 2006 and will be adjusted for the cost of living every year beginning in 2007;
- The Study has been the catalyst for numerous "LW" campaigns, including 3 cities (Burlington, Barre and Montpelier) that have adopted LW ordinances covering about 800 municipal employees;
- Burlington's ordinance now covers employees of firms & non-profits that contract with the city;
- The Study has been used as a benchmark by a number of unions during negotiations, most notably State employees and public school employees;
- Many businesses have used the Study when setting compensation levels for their employees;
- The Legislature's Joint Fiscal Office is now required to calculate the LW every other year (www.leg.state.vt.us/jfo/Reports%20by%20Subject.htm).

HOW MUCH DO WE SPEND AND FOR WHAT?

Each year there is a great deal of discussion about economic and workforce development in the legislature as various policies and programs are created, renewed, or modified. In most cases, programs are considered separately so the full extent of economic development (ED) activities and appropriations are rarely, if ever, viewed holistically. And with some exceptions (e.g., federally funded programs and non-profits), the State does not generally contract for independent performance reviews.¹ As a result, legislators often lack objective information about the effectiveness of the overall strategies or the programs employed to achieve the stated goals.

Therefore, our objective is to provide the legislature with some of the tools necessary to better evaluate the State's current ED efforts. Ideally, this will help the public better understand how we spend taxpayer funds and enable policy makers to make more informed decisions about how to allocate our limited resources. The ultimate goal is to identify the most cost-effective ways to grow more livable wage jobs for Vermonters.

The first step in this analysis is to collect and organize budget data for the entire spectrum of core ED programs. Existing programs are funded by numerous agencies and departments but the appropriations are never presented together. A comprehensive budget presentation is referred to a "unified" development budget. Texas and Illinois require this and other states are considering it.²

In addition to direct appropriations, the State "spends" money when it chooses to give up (forego) revenues through a variety of "tax expenditure" programs such as business payroll and investment tax credits.³ Some tax expenditures are essentially entitlements because they are embedded in the tax

code and individuals and businesses can claim them if they meet statutory guidelines. But these costs are not included in the annual State budget; there are no spending limits; and they have not been subjected to the same scrutiny or political debate as direct appropriations. In 2005 the Legislature adopted a requirement for annual reports on tax expenditures.⁴

We found dozens of separate appropriations and tax expenditures for ED. In some cases, we used actual expenditures, but relied primarily on appropriations because they reflect annual resource allocation decisions and avoid fiscal year carryovers (see table on the next two pages).

What is not included in the ED funding table?

- Transportation, housing, higher education, unemployment insurance, and the costs of regulating development and the workplace; all play a role in ED but are not solely focused on job creation;
- Job training with dual purposes such as Reach Up, vocational rehabilitation, etc.;
- Expenditures by cities and towns which utilize funds that do not come from or through the State (e.g., tax increment financing, Burlington's CDBG funds, municipal bonds, local tax abatements, etc.);
- Public assistance costs for low wage workers (a form of indirect subsidy for the employers⁵);
- Other elements of the tax code intended in large part to promote investment and job creation such as Vermont's 40% capital gains exclusion;
- Loans from and through SBA, VEDA and other such programs since they are (usually) repaid;
- Savings to businesses from special ED rates authorized by the Public Service Board.⁶

State & Federal Funding for Economic and Workforce Development, FY02 - FY05

	FY 02	FY 03	FY 04	FY 05	Totals
Agency of Commerce & Community Development (ACCD)					
Dept. of Economic Development (DED)	\$2,834,311	\$2,867,580	\$3,374,197	\$3,785,077	\$12,861,165
Agency of Commerce (ED related admin.) ¹	\$577,364	\$688,592	\$804,306	\$749,962	\$2,820,225
	\$3,411,675	\$3,556,172	\$4,178,503	\$4,535,039	\$15,681,390
Tourism & Marketing					
Department of Tourism & Marketing	\$5,286,998	\$4,708,057	\$5,257,085	\$4,978,637	\$20,230,777
Tourism promotion (one-time federal \$)			\$1,000,000		\$1,000,000
Advertising & promotional activities	\$760,000				\$760,000
Grants for regional marketing			\$238,000	\$200,000	\$438,000
Ski area advertising (supplemental)			\$350,000		\$350,000
Additional marketing				\$50,000	\$50,000
Marketing & Contracting report				\$25,000	\$25,000
Town of Killington (advertise for an airline)			\$5,000		\$5,000
	\$6,046,998	\$4,708,057	\$6,850,085	\$5,253,637	\$22,858,777
Federal					
Rural Development (USDA; grants only)	\$904,951	\$2,788,988	\$2,030,910	\$1,828,005	\$7,552,854
ED Administration (US Dept. of Commerce)	\$1,312,000	\$882,000	\$2,102,000	\$2,152,000	\$6,448,000
CDBG (HUD; ED grants only) ²	\$1,190,500	\$1,393,641	\$1,276,685	\$1,335,163	\$5,195,989
Trade Adjust. Assist. to firms (Dept. of Commerce)			\$40,000		\$40,000
	\$3,407,451	\$5,064,629	\$5,449,595	\$5,315,168	\$19,236,843
Tax expenditures (foregone revenues)					
VT business tax credits (VEPC, Fin. Services) ³	\$4,052,000	\$5,068,000	\$4,560,000	\$4,560,000	\$18,240,000
Sales tax exemptions approved by VEPC ⁴	Cannot be allocated by year				\$3,209,259
Property tax stabilization (VEPC)	\$63,618	\$73,885	\$55,769	\$62,465	\$255,737
	\$4,115,618	\$5,141,885	\$4,615,769	\$4,622,465	\$21,704,996
Agriculture					
Agency of Agriculture - Development	\$1,056,072	\$1,060,204	\$1,149,396	\$2,261,681	\$5,527,353
UVM Extension Service (mostly USDA)	NA	\$154,070	\$350,955	\$1,057,227	\$1,562,252
Dairy Compact reauth. - admin. support (Agric.)	\$100,000	\$75,000	\$150,000		\$325,000
Strategic planning for livestock businesses (Agric.)	\$200,000				\$200,000
UVM research on organic dairy farms (USDA) ⁵				\$150,581	\$150,581
"Two plus Two" Agric. BA degree program ⁶	\$134,800				\$134,800
Farm Conservation (Agric.)		\$47,775	\$61,323		\$109,098
Wood Products Promotion ⁷			\$40,000	see footnote	\$40,000
VT Holiday tree growers (Agric.)	\$30,000				\$30,000
	\$1,520,872	\$1,337,049	\$1,751,674	\$3,469,489	\$8,079,084
Technology Development					
EPSCoR (compliance; UVM) ⁸	\$340,000	\$346,800	\$346,800	\$355,470	\$1,389,070
Bennington Micro-Technology Ctr (supplemental)			\$496,000		\$496,000
Tech. Center grants for job dev. (Dept. of Educ.)	\$450,000	\$200,000	\$200,000		\$850,000
VT Ctr for Emerging Technologies (UVM) ⁹				\$431,367	\$431,367
Springfield RDC (match fed \$ for tech. incubator)				\$50,000	\$50,000
	\$790,000	\$546,800	\$1,042,800	\$836,837	\$3,216,437

Notes

1. Approx. 40% of the Agency's annual budget is for ED (including tourism), so we allocated 40% of administrative costs to ED.
2. Includes only planning & implementation grants for ED. FY05 estimate based on the average of the previous two years.
3. Calendar years; 2004 & 2005 are estimates based on the average of the previous two years (2002 & 2003).
4. Estimate provided by VEPC. No records kept on actual usage so we cannot allocate costs by year. Total reflects awards from '98 - '04.
5. Two year grant from USDA to UVM (9/04 - 9/06); we allocated half to FY05.
6. Joint program with VT Technical College (VTC) & UVM. First two years at VTC, then two years at UVM College of Agriculture.
7. Another \$65,000 was appropriated for wood product promotion in FY05 but was included in Tourism & Marketing.
8. Experimental Program to Stimulate Competitive Research; tech. transfer vehicle created as part of the VT Science & Technology Plan.
9. Includes \$100,000 from the General Fund and a \$994,100 multi-year grant from HUD to UVM (we allocated one third for FY05).

State & Federal Funding for Economic and Workforce Development, FY02 - FY05

	FY 02	FY 03	FY 04	FY 05	Totals
Planning ¹⁰					
Power Acquisition Authority - CT River Dams			\$250,000		\$250,000
Statewide Telecom Strategic Planning			\$150,000		\$150,000
Brownfields (grants to Reg. Planning Commissions)				\$65,000	\$65,000
VT Council on Rural Development (planning grant)				\$45,000	\$45,000
VT Economic Progress Council (long-term plan)				\$30,000	\$30,000
	\$0	\$0	\$400,000	\$140,000	\$540,000
Miscellaneous					
Historic site operations	\$1,012,120	\$1,631,367	\$1,661,302	\$1,907,879	\$6,212,668
Vermont Council on the Arts	\$534,707	\$517,206	\$491,618	\$519,618	\$2,063,149
Vermont Historical Society	\$265,470	\$405,830	\$629,874	\$527,660	\$1,828,834
Micro-business development (OEO / AHS) ¹¹	\$209,293	\$205,895	\$205,895	\$205,895	\$826,978
Downtown Trans. & Capital Improvement Fund				\$800,000	\$800,000
Government Marketing Assistance Center	\$339,490	\$258,998			\$598,488
Marketing & Promotional Team		\$348,405			\$348,405
VT Economic Development Authority (grants)	\$271,990				\$271,990
Job Development Zones	\$59,741	\$60,529	\$52,515		\$172,785
Town of Hardwick (ED grant after mudslides)				\$75,000	\$75,000
Intl. Ctr for Captive Ins. Educ. (Captive Ins. Fund)				\$50,000	\$50,000
VT World Trade Office (VT Global Trade Partnership)				\$50,000	\$50,000
VT Enterprise Initiative (DED)	\$25,000				\$25,000
Business Recruitment Enhancement			\$20,000		\$20,000
	\$2,717,811	\$3,428,230	\$3,061,204	\$4,136,052	\$13,343,297
Workforce Education & Training ¹²					
DoL - employ. & training services (federal - WIA)	\$7,021,752	\$7,089,154	\$6,251,639	\$5,710,684	\$26,073,229
DoL - employ. services (federal - Wagner Peyser)	\$2,450,000	\$2,410,794	\$2,396,228	\$2,376,588	\$9,633,610
VT Training Program	\$830,144	\$615,825	\$965,218	\$1,458,700	\$3,869,887
VT Mfg. Extension Ctr (State Colleges)	\$789,483	\$797,343	\$797,343	\$797,343	\$3,181,512
Practical nursing programs (State Colleges)	\$578,232	\$592,206	\$883,750	\$620,661	\$2,674,849
DoL - Trade Adjustment Assist. to Workers	\$16,000	\$803,976	\$358,975	\$341,149	\$1,520,100
DoL - Apprenticeship training	\$597,453	\$502,667	\$581,713	\$570,682	\$2,252,515
DoL - Labor Market Information (federal)	\$516,000	\$518,000	\$518,000	\$571,264	\$2,123,264
Educ loan forgiveness - health care prof. (Health) ¹³	\$450,000	\$470,000	\$520,000	\$540,000	\$1,980,000
DoL - job training (federal - JTPA)	\$456,000	\$365,000	\$365,000	\$238,000	\$1,424,000
Nursing Workforce Res., Planning & Dev. (UVM) ¹⁴	\$95,000	\$370,175	\$382,722	\$335,611	\$1,183,508
DoL - Workforce Education Training Grants	\$222,333	\$0	\$372,712	\$365,644	\$960,689
DoL - Human Resource Investment Council	\$240,000	\$225,508	\$152,834	\$149,935	\$768,277
Workforce training (DoL & ACCD)	\$333,333				\$333,333
Tech. & Data Training & Outreach in Rural VT (UVM)	\$224,487				\$224,487
	\$14,820,217	\$14,760,648	\$14,546,134	\$14,076,261	\$58,203,260
TOTALS ¹⁵	\$36,830,642	\$38,543,470	\$41,895,764	\$42,384,948	\$162,864,084

Notes

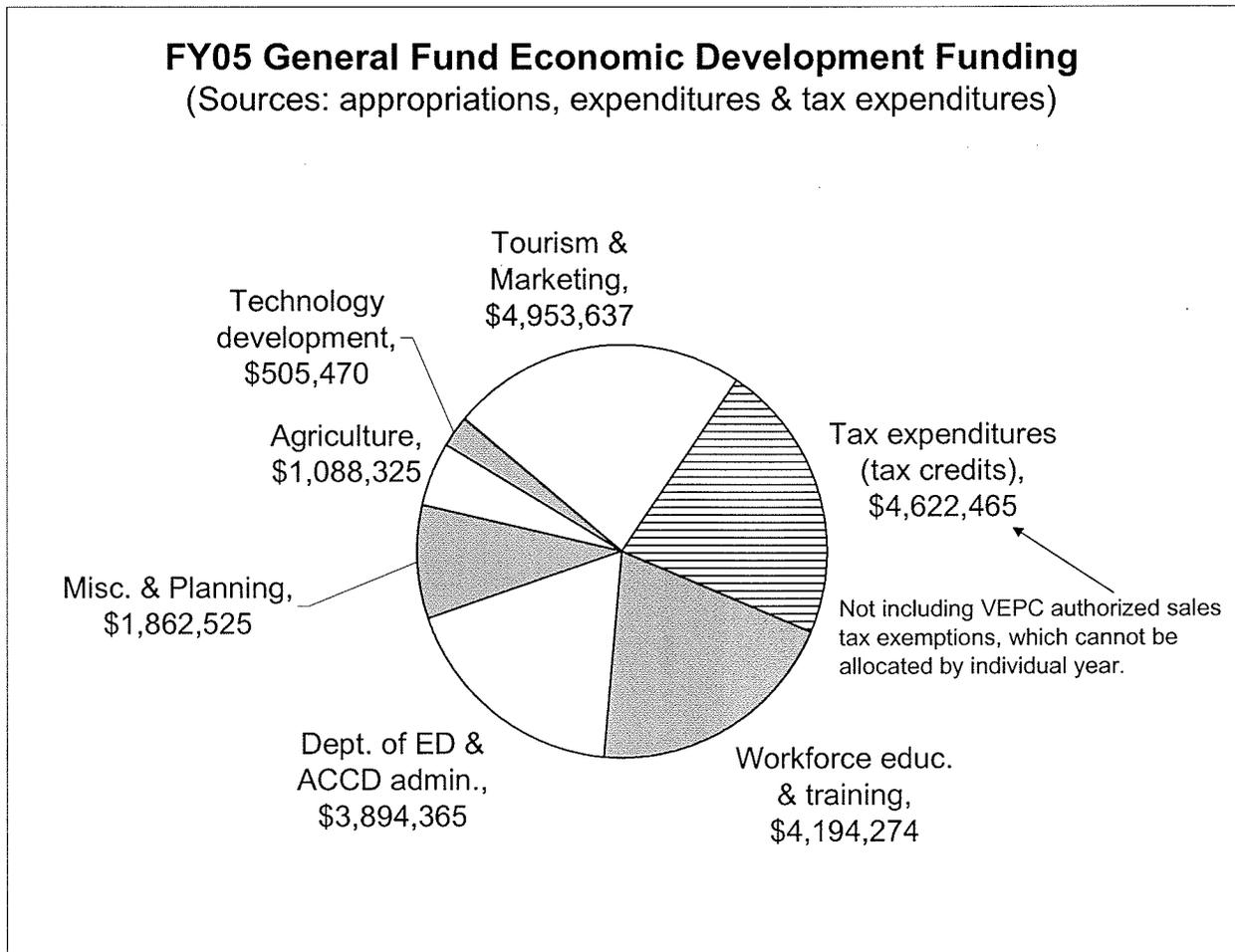
10. Additional planning funds of \$1m+ are included in figures above for the DED (mostly for the RDC's, the ED Administration (EDA) and CDBG.
11. Funding from OEO, PATH and DED. DED funding subtracted to avoid double counting.
12. All DoL figures are actual expenditures.
13. The State repays or forgives educ. loans for doctors, dentists, nurses & other health care prof. who agree to work in VT after graduation.
14. Funded by U.S. Health Resources & Services Admin. (HHS), VT Agency of Human Services, VT DoL and VT Dept. of Health.
15. Sum of the annual totals do not match the period total because we could not allocate the VEPC sales tax exemptions by year.

Taken together, the cost of the excluded categories in expenditures and foregone revenue would probably exceed \$200 million annually. For example:

- VEDA loans: \$58 million
- UVM: \$38 million
- Child care services: \$38 million
- VT Housing & Conservation Board: \$24 million
- State Colleges: \$22 million
- 40% Capital gains exclusion: ~ \$19 million
- ACCD/Housing & Comm. Affairs: \$6 million
- CDBG (non-ED): \$6 million
- Vocational rehabilitation: \$6 million

In any case, the figures presented above represent our best effort to gather the relevant data given the time and resources available.

The preceding table provides an indication of the State's priorities. Almost 40% of annual expenditures are federal funds, much of which is allocated for general employment and training programs mandated by Congress. To get a better sense of the State's own priorities, we show the allocation for each major policy area below. The State supports four primary strategies with General Funds, the largest single allocation being for Tourism & Marketing.



HOW DO WE MEASURE PROGRESS?

Assessing Strategic Goals and Performance Measures: Part 1

Vermont Economic Progress Council: Long-Term ED Plan

The next step is to determine whether current ED strategies have been successful. The **Vermont Economic Progress Council (VEPC)**, which is charged by statute with producing the State's long-term economic development plan,⁷ offered three primary goals in its latest report (A Plan for a Decade of Progress, 2002).⁸ The goals involve unemployment, wages, and quality of life.

1. **Unemployment:** The 2002 report called for unemployment not to exceed 3%, which is considered (by some) to be "full employment" and proposed that we "track how well Vermont maintains a rate that is 1 point or more below the national average."⁹

Unemployment is a standard measure and is reported regularly in the media, but it has limitations. As we've pointed out in previous phases of this Study, it does not distinguish between full-time (FT) and part-time (PT) work which is significant because thousands of Vermonters want FT work but are unable to find it.¹⁰

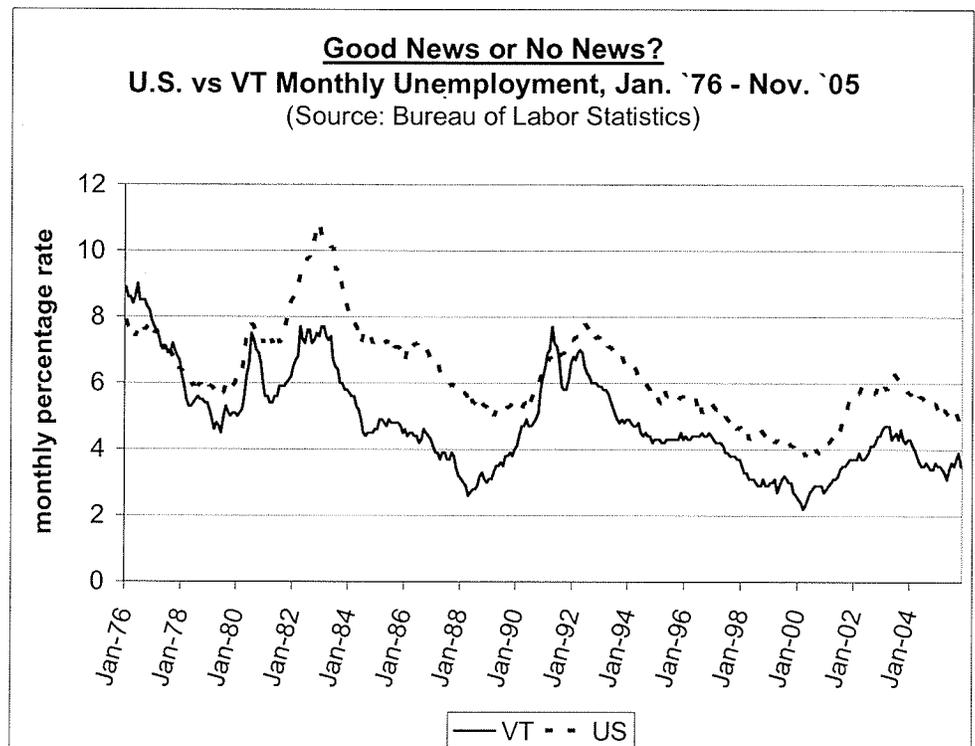
It also excludes "discouraged workers" (temporarily stopped looking because no jobs are available or they lack the necessary skills or experience) and the "marginally attached" (not actively seeking work for non-market related reasons such as ill health, family responsibilities, or lack of transportation or child care).

What's more, it doesn't tell us about the duration of unemployment (which has increased since the recession¹¹), and does not account for the underemployed who can't find work in their chosen field.

In addition, the number "employed" includes the self-employed, many of whom have no security and no paid health insurance, holidays, or sick time.

And finally, focusing solely on the statewide unemployment rate ignores the continuing higher rates in several rural counties.

Second, the decision to compare Vermont and U.S. unemployment rates is understandable but may not reveal much by itself. For example, Vermont has been below the U.S. rate for all but six months since 1978 (see below). And for most of that time, it has been significantly lower. There is a structural explanation for this (largely demographic¹²) that has nothing to do with the effectiveness of our recent ED strategies.



A better approach is to examine how Vermont's private sector job growth compares to the U.S. Vermont mirrors national trends, but its annual rate of growth has been lower for 10 of the last 15 years (see below). And, the similarities suggest that state policies cannot overcome national economic forces.

2. Average wage and per capita income: VEPC's goal is that wages and per capita income should equal or exceed national averages.¹³ As we've pointed out in earlier phases of this Study, there are several problems with these measures.

- Average wages can be misleading because the average can be distorted by a small number of high-wage jobs.

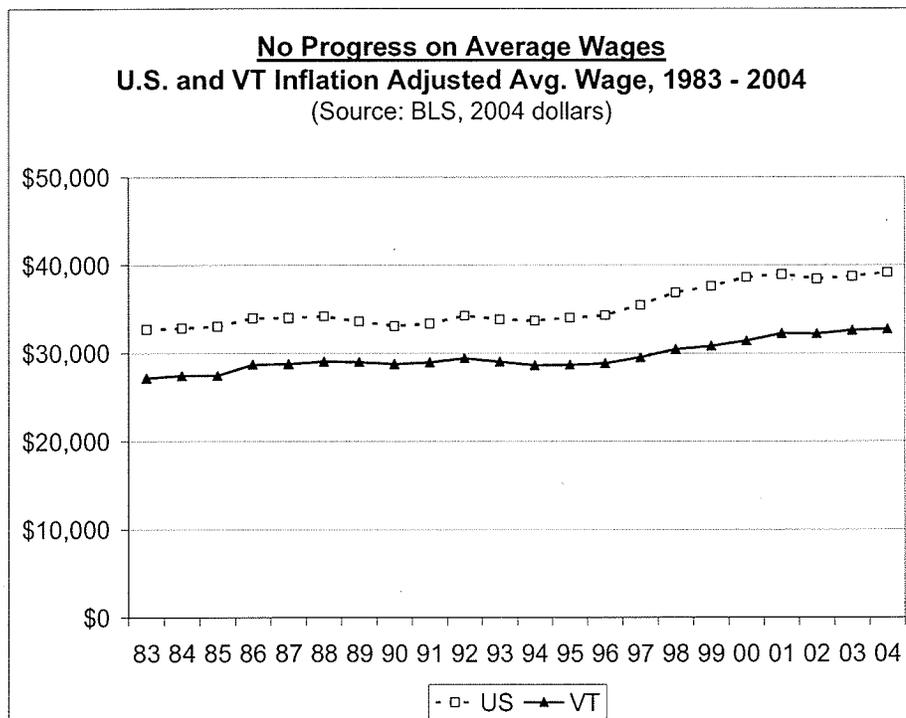
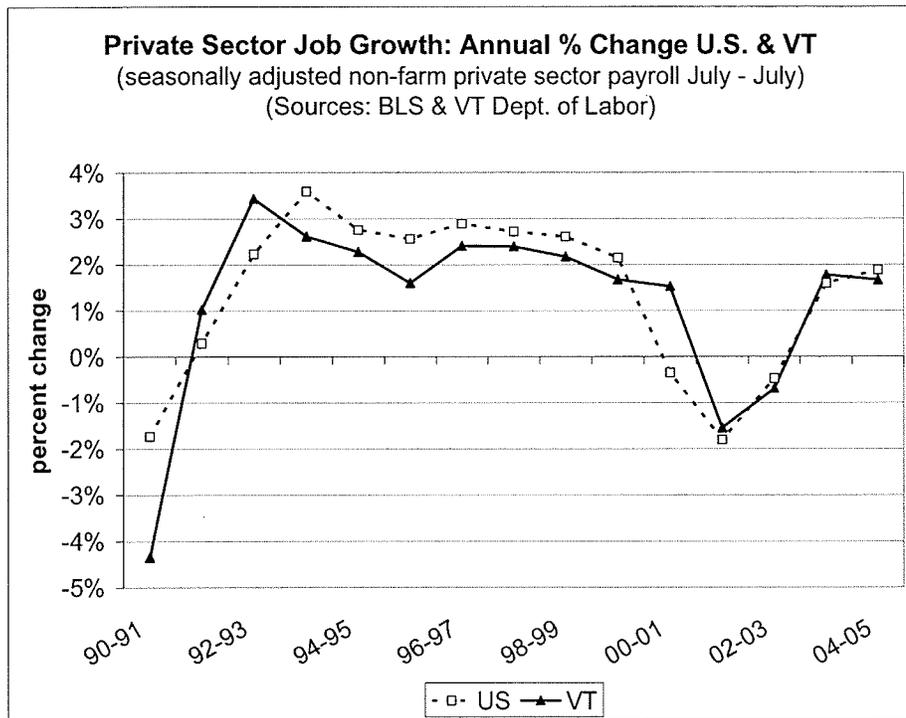
VEPC acknowledged this but used average wages in the report.¹⁴

- Achieving parity with the U.S. average wage would be an improvement, but it does not tell us if it's a livable wage sufficient to meet basic needs.
- If the national average declines but Vermont does not, the state looks better. If so, is this progress?

In any event, Vermont's average wage has tracked with the U.S. over time but the gap remains (see graph at lower left). **Just as**

the state's comparatively low unemployment rate cannot be attributed to State policies, the fact that Vermont's average wage is persistently lower than the U.S. wage suggests structural causes rather than a failure of specific policies.

As for per capita income (total income ÷ by total population), it has little value as a performance indicator. **Total income includes (and is heavily influenced by) non-wage income such as capital gains, dividends and interest (43% went to the top 1%¹⁵).** As a



result, per capita income ignores distributional issues that affect the economic well being of the majority of Vermonters.

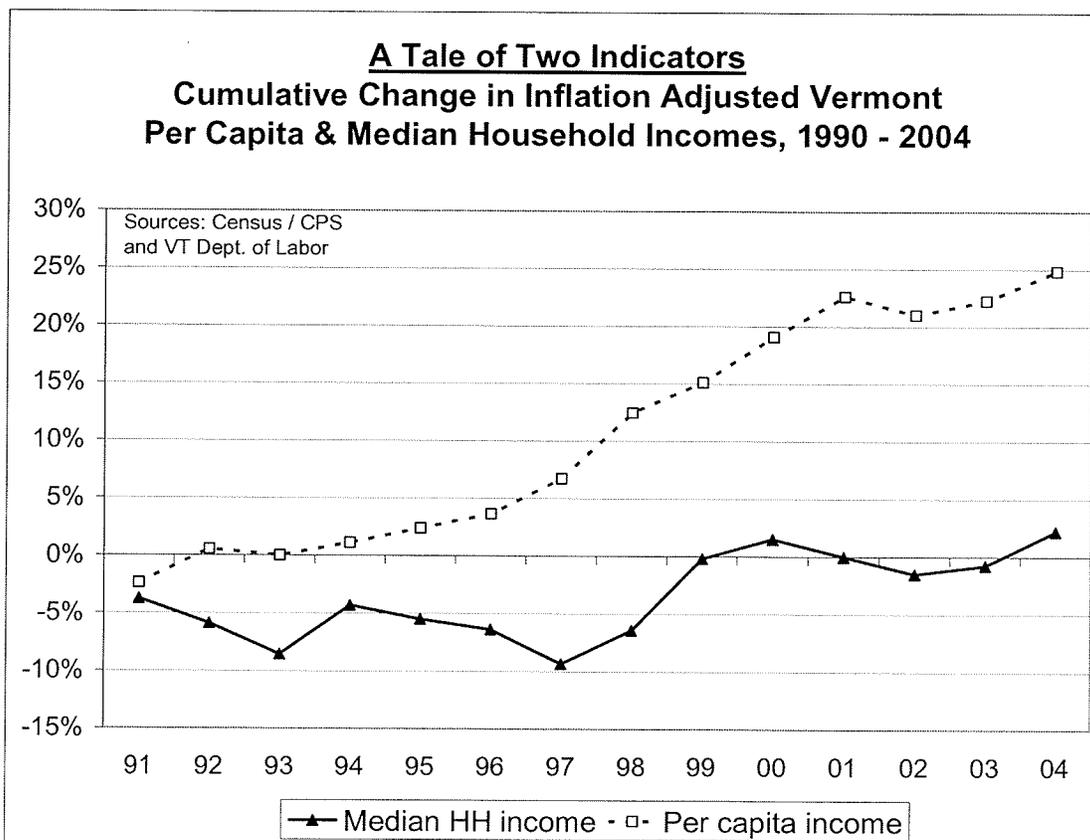
This is not just a theoretical problem for dueling economists. **The failure to consider income distribution can distort our perception of the health of the economy.**

For example, inflation adjusted per capita income in Vermont has increased 25% since 1990 while inflation adjusted household income increased by only 2% (see graph below).

Furthermore, the absence of any goals or indicators related to poverty, income inequality or the continuing disparity in pay by gender and race is troubling. How can Vermont have an “economically...healthy place to work and live”¹⁶ when almost 1 out of 10 residents lives in poverty; the distribution of income and wealth are increasingly unequal; women's career opportunities are limited; and more than 1 out of 5 African Americans and Native Americans live in poverty?¹⁷

3. Quality of life: The third goal was to "maintain and improve Vermont's quality of life." The report noted that "measuring quality of life has always been a difficult task and requires more subjective judgments." Unfortunately, VEPC did not recommend any quantifiable measures. Instead, it offered a list of attributes, including "beautiful vistas, open farmlands, and clean air and water" and that quality of life should be "rewarding employment with appropriate compensation" (emphasis added).¹⁸ Likewise, the vision statement called for “stable, fulfilling, and justly compensated employment.”¹⁹

VEPC never asked Vermonters what they wanted. Presumably, they want to earn a livable wage and raise their families with dignity. Moreover, "appropriate" and "just" compensation cannot be defined with any precision and, therefore, progress cannot be measured.



Assessing Strategic Goals and Performance Measures: Part 2

Vermont Department of Economic Development (DED)

The DED's goal is to "support creation and retention of quality jobs and strengthen the competitiveness of Vermont's businesses and the overall economy."²⁰ The DED's web site lists a number of "primary indicators" intended to help measure progress and they are grouped under "quality jobs", "competitive businesses" and a "healthy and sustainable economy."

1. Vermont to National Average Wage Ratio: As we've noted, average wage is an imprecise measure of the well-being of working families. In any case, Vermont has made no progress in the last 20 years.

2. Vermont Rural / Urban Average Wage Ratio: Again, average wages are not ideal. Compared to Chittenden County, the average private sector wage has increased in five counties but lost ground in eight others. Grand Isle, Windham, and Addison Counties have closed the gap somewhat but are still considerably behind Chittenden County. And Essex, Windsor, and Caledonia have fallen dramatically.

County	2004 Avg. private sector wage	% of Chitt. County	Ratio change since '78
Grand Isle	\$22,903	60.1%	10.8%
Orleans	\$25,316	66.4%	-7.2%
Essex	\$26,111	68.5%	-20.3%
Lamoille	\$26,296	69.0%	1.9%
Caledonia	\$27,176	71.3%	-10.6%
Orange	\$27,304	71.6%	3.8%
Windsor	\$29,570	77.6%	-11.2%
Bennington	\$29,682	77.9%	-0.7%
Franklin	\$29,771	78.1%	-0.5%
Rutland	\$31,245	82.0%	-1.8%
Washington	\$31,666	83.1%	1.6%
Addison	\$32,175	84.4%	4.7%
Windham	\$33,352	87.5%	6.5%
Chittenden	\$38,118	100.0%	----

Source: VT Dept. of Labor

3. Tax Burden Per \$1,000 Income: Using this indicator implies that state taxes are critical in business decisions and, therefore, job creation. The available evidence does not support this view.

For example, an executive with one of the nation's largest business location specialists (Deloitte & Touche/Fantus) reviewed five years of company files to determine the relative importance of each cost factor for their client's location decisions. He found that taxes were a "low priority and [had] minimum cost impact."²¹ And after a review of the literature on the impact of state taxes on economic development, a respected economist found that "taxes do not appear to have a substantial effect on economic activity among states."²²

This is not surprising since the effective corporate tax rate²³ has been declining for years due to federal tax changes, state tax incentive competition, and corporate tax sheltering. State corporate income taxes as a proportion of profits have declined from 9% to 5.9% since 1989.²⁴

This is not to say that taxes do not matter, only that their relative importance is low. **The location expert cited above found that of the major cost factors in location decisions for manufacturers, taxes were the lowest (labor 36%, trans. 35%, utilities 17%, occupancy 8%, taxes 4%).**²⁵

The relative weight of state corporate taxes is apparent from Vermont data. **In 2003, median tax payments for 98% of Vermont 'C' corporations were less than \$5,000, and 80% paid no more than \$250** (see next page). Only 242 C Corps (out of 11,835) paid at the top marginal rate and the median for those firms was \$44,381 (which means only 121 Vermont C Corps paid more than that amount).

VT State Income Tax - C Corporations				
All returns with non-zero VT tax in 2003 (tax year)				
Taxable Income Class	Tax rate	Returns		Median Tax
		#	%	
Negative	Min. \$250	3,542	29.9%	\$250
\$0	Min. \$250	3,754	31.7%	\$0
\$0 - \$3,750	Min. \$250	2,252	19.0%	\$250
\$3,751 - \$10,000	7.0%	535	4.5%	\$425
\$10,000 - \$25,000	8.1%	542	4.6%	\$1,134
\$25,001 - \$250,000	9.2%	968	8.2%	\$4,899
\$250,000 +	9.75%	242	2.0%	\$44,381

Source: VT Tax Department

Therefore, it seems unlikely that a rate reduction or a series of short-term tax credits would be sufficient to persuade a multi-million dollar business to move to another state.

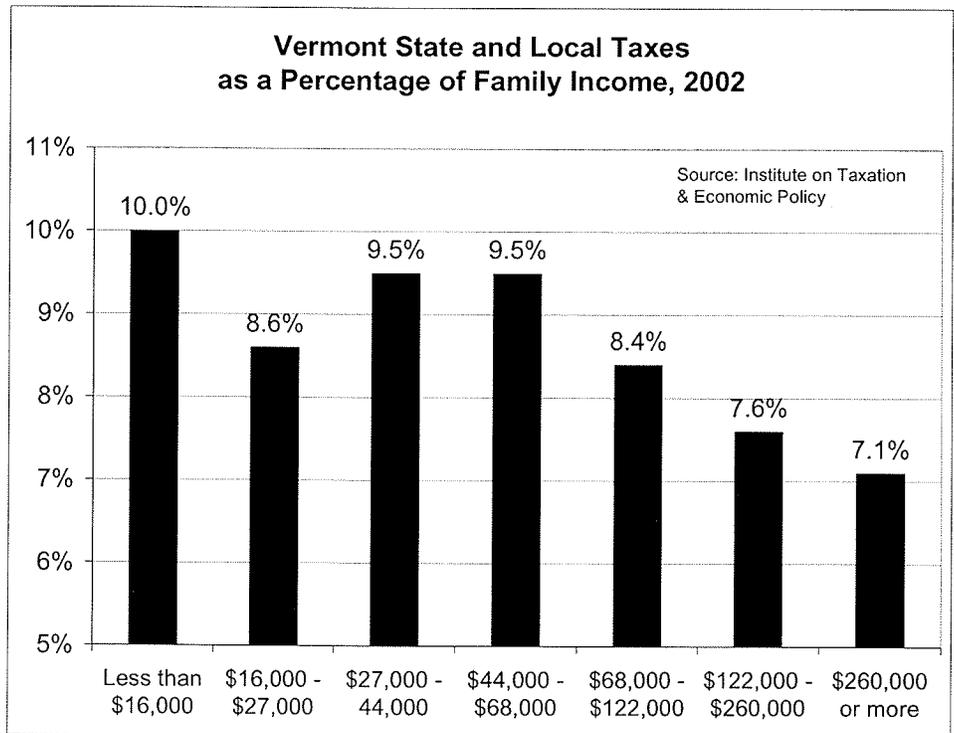
In any case, this measure (tax burden per \$1,000 of income) has several flaws. First, it focuses exclusively on revenue and ignores expenditures. That is, states with very low spending for education or infrastructure are not investing in the future. This may result in lower taxes and better rankings, but it may not be prudent. Businesses and families are understandably concerned about quality of life. In the absence of such investments, quality of life is likely to suffer and a state will be less appealing.

Second, it ignores the fact that not all income is created equal. If a person earns \$40,000

in wages, she will pay considerably more in taxes than if the income came from capital gains. The IRS taxes long-term capital gains at a lower rate than earned income (15% for those in the middle and upper income brackets vs. 25%, 28%, 33%, etc. for wages), and Vermont provides even more favorable treatment by exempting the first 40% of capital gains from taxation altogether.

A more meaningful measure of the burden of taxes is their impact on different income classes. Vermont has comparatively progressive personal income tax rates and a state Earned Income Tax Credit. However, Vermont is very dependent on the property and sales tax (both regressive) and higher income families have access to tax advantages unavailable to others. **In the end, lower income families pay a higher percentage of their income in taxes than higher income families** (see below).

The DED's preferred measure is based on a questionable premise and tells us nothing about the distribution of the tax burden or the value of the services purchased with the money raised.



4. Human & Technical Resources Development

Capacity: These measures are not defined but the DED's strategy refers to the need to "develop a world class workforce"²⁶ (also not defined). Presumably, the indicators are intended to measure the state's institutional and programmatic capacity to deliver education, training and technical services. But while capacity is a necessary predicate, measuring the number of programs and their appropriations tells us nothing about the results.

5. New Business Incorporation Rate: This provides some useful information but is limited without more detail. The real issue is livable wage job creation and this measure does not address it.

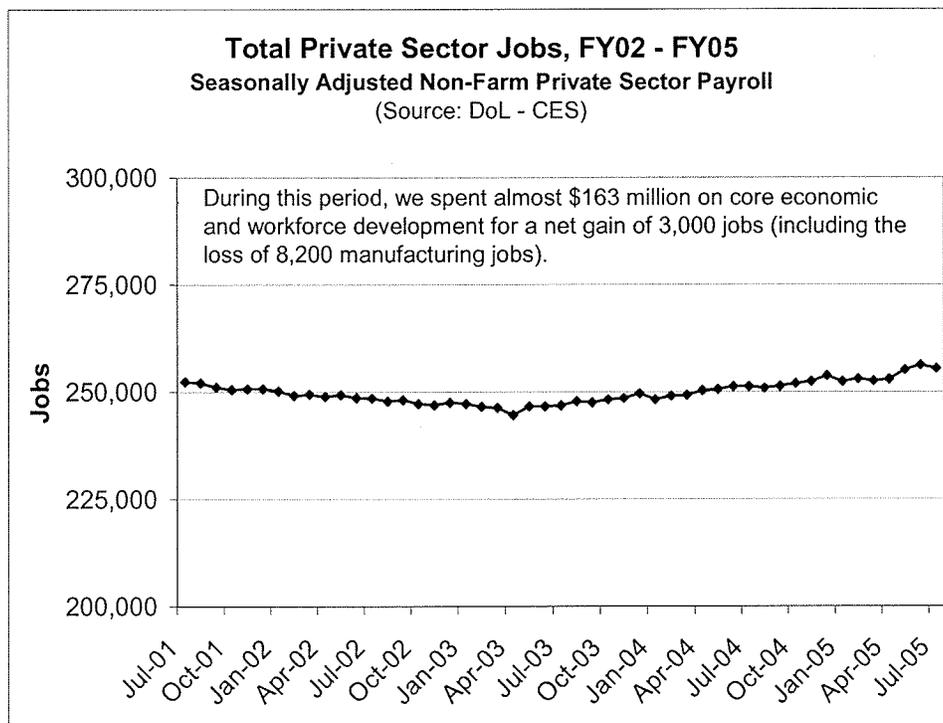
The DoL reports on business "births" and "deaths" and provides some job data, but only by industry rather than occupational title. Thus, it is difficult to know much about the wages of the jobs created and destroyed (see page 11). In addition, other than government, the DoL does not differentiate between for-profit and not-for-profit enterprises. This would help because the State's ED efforts are directed primarily to the for-profit sector and that is where we need to measure the effectiveness of policies and programs.

Furthermore, the DoL data does not provide information about whether the new businesses originated in Vermont or have relocated from another state. This is important because the State devotes resources to business recruitment but there is no way to know if the resources are well spent without data on the movement of companies across state lines.

6. Business Failure Rate: Data on dissolutions and bankruptcies is a good start but would be more useful if there was information about the types and sizes of the closures, the reasons, and the job impacts. The rate of dissolutions and bankruptcies has been relatively steady over the last six years.

7. Net Job Growth Rate: This is an important measure but it should be net private sector job growth because Vermont's ED efforts are not directed toward (and have no impact on) public sector job growth. For example, **30% of seasonally adjusted job growth in the last four years came from government jobs (federal, state and local). Therefore, including public sector jobs overstates the rate of job growth.** If the intent is to measure the performance of the State's ED policies, counting government jobs is misleading.

The annual rate of private sector job growth has declined for most of the last 15 years (see p.7). More recently, Vermont gained only 3,000 net new jobs in the last four fiscal years even though the State spent at least \$163 million on ED (see below). A longer term view shows that net job growth has



rebounded somewhat from the latest recession but not at the same rate as in the 1990's.²⁷

Ideally, net private sector job growth should be accompanied by a comparison of wages for the jobs gained and lost. The most reliable way to do this is to use occupational wages rates (see appendix for methodology). The results are not encouraging (see below). **On average the jobs gained since 2000 pay less than the jobs lost.**

Wages of jobs gained and lost, 2000 - 2004			
Occupational titles		# of Jobs	Avg. wage
Jobs gained	203	25,410	\$34,885
Jobs lost	189	-31,490	\$35,116
No change	28	5,140	----

These findings are troubling and this indicator should be tracked over time.

8. Economic Diversification: Diversification is important but DED did not define it. A traditional approach would be to measure the distribution of jobs by industry (see graph below).

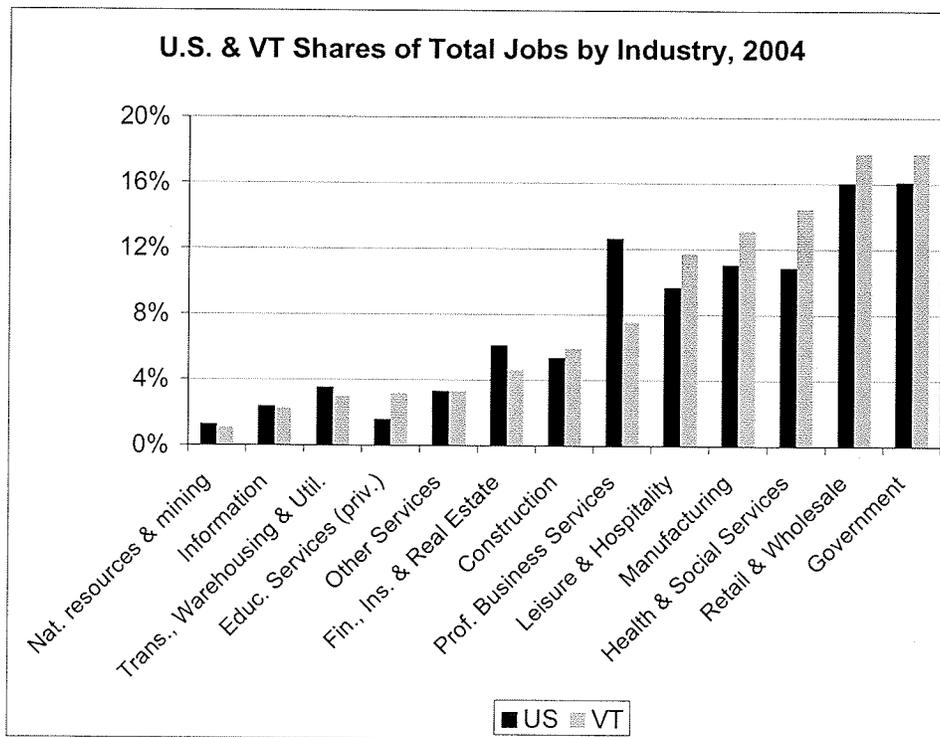
To a large extent, Vermont's distribution mirrors that of the U.S., but there are some noteworthy differences. No doubt some of the differences can be explained by Vermont's largely rural nature and because we have only one modest urban area. But our excessive reliance on tourism may be of concern. **Together, trade (retail & wholesale) and leisure & hospitality represent almost 40% of all private sector jobs in Vermont.** Although tourism and related retail bring in substantial tax revenues, the wages are generally low and

many of the jobs are seasonal. So is it appropriate for Tourism & Marketing to be the largest State-funded ED program?

But there are other essential aspects to diversification. For example, does Vermont have a healthy balance between imports and exports? Excessive reliance on imports makes us overly dependent on outside forces and limits our ability to control our own economic future (see Phase 6 - The Leaky Bucket²⁸).

And while most ED analysts focus on the value of exports, a dollar retained in the economy from import substitution has exactly the same impact as a dollar earned from exports. So in addition to tracking exports, we should measure the extent to which we meet local needs with locally produced goods and services.

Furthermore, ownership patterns are important because international and multi-state firms are more likely to move jobs. Likewise, we need to be concerned about the size of firms, especially with the growing presence of huge out of state retailers that tend to displace locally owned stores.



RECOMMENDATIONS

- Think long-term: No quick fixes; workforce and quality of life are essential; get back to basics.
- Self-reliance matters: Greater self-reliance will reduce our vulnerability, keep more money in VT, and give us more control over our future.
- Expand the circle: The debate about ED policy should be more open and include workers.
- The public-private dichotomy: The market is the best way of allocating resources if profit is the only objective. But a rising tide has not lifted all boats. Be open to unorthodox approaches.
- Not just wages: Reduce the costs of basic needs (health care/housing) to lower the livable wage.
- Monitor and evaluate: Investing state funds should produce measurable results. Subject everything we do to objective reviews. Not all of our choices will be successful. Let's not be afraid to make changes if something isn't working.
- Nothing is forever: Businesses come and go. Invest primarily in people and hard assets.
- See the big picture: The Legislature needs a unified development budget.
- Long-term ED plan: Provide guidance to VEPC on goals & process before it updates the plan.
- Use the tools we have: State purchasing should reward responsible contractors, favor VT businesses, and prohibit offshore contracts.
- Disclose cost shifts: Report on employers whose workers receive public assistance.
- Go local: Promote locally owned businesses (including employee ownership) because they are less likely to move and keeps profits in VT.

SUMMARY of DED and VEPC GOALS and INDICATORS		
Goal / Indicator	Status	Comments
Unemployment to be at least 1% below U.S. rate	VT has averaged 1.4% below the federal rate for the last 14 yrs.	Doesn't address FT vs. PT, regional disparities, duration, multiple job holders and those not actively looking but who want to work; and the continuing gap is structural so the comparison is specious.
Avg. wage equal to or above U.S.	Gap has not changed significantly for over 20 yrs.	Average wages can be misleading; not related to cost of living; and comparison to U.S. avg. is not meaningful.
Per capita income equal to or above U.S.	Gap has closed somewhat in the last 20 years.	Includes non-wage income; ignores income distribution; does not measure well-being.
Quality of life	Not clearly defined; no specific indicators.	Subjective but important; indicators should be designated.
Rural / Urban avg. wage ratio	8 counties lost ground, 5 gained; the gap remains substantial.	No real progress overall.
Tax burden per \$1,000 income (under heading "competitive business")	Not clearly defined as to whether it includes local taxes.	Assumes state taxes are critical to job creation (not supported by the evidence); ignores expenditures (vital for quality of life); ignores distribution of the burden.
Human & Technical Resource dev. capacity	Not clearly defined; no specific indicators.	Capacity is important but tells us nothing about results.
New business incorporation rate	Rate for LLC's & foreign corporations is rising but rate for C corps is declining.	Tells us nothing about the quality of jobs being created and doesn't distinguish domestic vs. foreign corps.
Business failure rate	Business dissolution & bankruptcy rates are steady.	Need more detail about the types & sizes of failed businesses (and reasons).
Net job growth	Comparatively weak rebound from recession.	Should be private sector only and should measure wages of new jobs vs. jobs lost.
Economic diversification	Not clearly defined; no specific indicators.	Too dependent on tourism & retail (40% of all priv. sector jobs); need to monitor trade balance, ownership & firm size.

METHODOLOGY

ANALYSIS of WAGES for NEW JOBS vs. JOBS LOST

The source for occupational wage data is the Occupational Employment Statistics survey (OES). The OES survey is conducted annually by the Vermont Department of Labor (DoL). The most recent published OES data were collected in 2004 from 1,700 employers.

The OES covers all FT and PT wage and salary workers in non-farm industries. The survey does not cover the self-employed, owners and partners in unincorporated firms, household workers, or unpaid family workers. The total number of jobs reported was 276,930. DoL reported 570 occupational titles, each with a Standard Occupation Classification (SOC). Each major sector has a number of sub-groups. For example, "office and administrative support" includes secretaries, office clerks, receptionists, bookkeepers, shipping clerks, and supervisors, among others. There are almost 50,000 jobs in "office and administrative support" but they are found in many different industries (e.g., manufacturing, health care, retail, finance, etc.).

The other source of wage data - Quarterly Census of Employment & Wages (QCEW) - provides only average wages by industry, so a variety of occupations are grouped together based only on the goods being provided. For example, in addition to production workers, manufacturing may include secretaries, engineers, managers, janitors, and sales representatives. Thus, the QCEW is a comparatively imprecise way of measuring changes in wages over time.

For this exercise, we excluded tipped employees (6,780 waiters/waitresses & bartenders) because of uncertainty about their actual earnings. To the extent possible, we also excluded public employees because the intent is to evaluate changes in the private sector job market. Thus, we excluded primary and secondary school teachers²⁹, police, firefighters, tax examiners, judges, court clerks, agricultural inspectors, and all Postal Service occupations.

DoL estimates that there were over 50,000 government employees in Vermont in 2004 (federal, state, & local). Our data sort excluded 23,000 so there are still about 27,000 public sector jobs in the sample including office & administrative support, social service, maintenance, accounting, managers, etc.

We were unable to include occupations for which there was no data in one of the two years under consideration (2000 and 2004). These occupations were either reclassified, combined with another classification, or had lost any remaining jobs. In addition, DoL could not report employment figures for 42 occupational titles in 2000 or 2004 because the data was unreliable or because to do so would allow individual employers to be identified.

In the end, the sample contained 420 matching occupational titles (74% of the total) with about 240,000 jobs (85% of the total). We then determined which occupational titles had gained or lost jobs since 2000. For each title, we multiplied the change in jobs by the average wage for that occupation. We then divided the aggregate earnings by the number of jobs gained, lost, or unchanged (see table on page 12).

Note: Average wages can be misleading because they include workers at entry level and those paid at the top of the range particular occupations. The average is especially tricky here because some of the jobs lost were in occupations with comparatively high wages for tenured workers, while some of the occupations experiencing growth have relatively low entry level wages. Nevertheless, we could not use the median wage because the final calculation would be the average of the medians, which is a complex statistical challenge beyond the scope of this report.

ED Funding Source Data

Agency, Department, Program	FY02	FY03	FY04	FY05
Dept. of Economic Development	Act 63 §221	Act 142 §258	Act 66 §240	Act 122 §232
Agency of Commerce (E.D.-related admin.)	Act 110 §217	Act 142 §254	Act 66 §236	Act 122 §224
Department of Tourism & Marketing	Act 110 §224	Act 142 §262	Act 66 §243	Act 122 §234
Tourism promotion (one-time federal \$)			Act 66 §7a(b)(5)	
Advertising & promotional activities	Act 110 §261b(a)(48)			
Grants for regional marketing			Act 66 §243a(a)	Act 122 §288(a)(5)(Q)
Ski area advertising (supplemental)			Act 80 §57	
Additional marketing				Act 122 §288(a)(5)(R)
Marketing & Contracting report				Act 122 §288(a)(4)(A)
Town of Killington (advertise for an airline)			Act 80 §57a(a)	
Rural Development (USDA; grants only)	USDA Rural Development - VT office			
ED Administration (US Dept. of Commerce)	U.S. Economic Development Administration - District Office			
CDBG (HUD; economic development grants only)	VT Dept. of Housing & Community Dev.			
Trade Adjust. Assist. to firms (Commerce)	New England Trade Adjustment Assistance Center			
VT business tax credits (VEPC, Fin. Services, etc.)	VT Tax Dept.			
Property tax stabilixation (VEPC)	VT Tax Dept.			
Agency of Agriculture - Development	Act 63 §80	Act 142 §100	Act 66 §102	Act 122 §90
UVM Extension Service	UVM			
Dairy Compact reauth. - admin. support (Agric.)	Act 63 §79	Act 142 §98(c)	Act 80 §10	
Strategic planning for livestock businesses (Agric.)	Act 63 §261b(a)(5)			
UVM research on organic dairy farms (USDA)	UVM			
Farm Conservation (Agric.)		Act 142 §104	Act 66 §106	
Wood Products Promotion			Act 66 §240c	Act 122 §234(a)
VT Holiday tree growers (Agric.)	Act 63 §261b(a)(6)			
"Two plus Two" Agric. BA degree program	Act 63 §261b(a)(8)			
EPSCoR (compliance; UVM)	Act 63 §179(b)	Act 142 §209(b)	Act 66 §201(b)	Act 122 §190(b)
Bennington Micro-Technology Ctr (supplemental)			Act 80 §56	
Tech. Center grants for job dev. (Dept. of Educ.)	Act 63 §163(b)	Act 142 §188(b)	Act 66 §183(b)	
VT Ctr for Emerging Technologies (UVM)				Act 122 §288(a)(5)(F)
Springfield RDC (match fed \$ for tech. incubator)				Act 122 §288(a)(5)(T)
Power Acquisition Authority - CT River Dams			Act 66 §297	
Statewide Telecom Strategic Planning			Act 66 §240a	
Brownfields (grants to Reg. Planning Commissions)				Act 122 §227
VT Council on Rural Development (planning grant)				Act 122 §288(a)(5)(U)
VT Economic Progress Council (long-term plan)				Act 122 §288(a)(5)(P)
Historic site operations	Act 63 §219	Act 142 §256	Act 66 §238	Act 122 §228
Vermont Council on the Arts	Act 63 §227	Act 142 §265	Act 66 §245	Act 122 §236
Vermont Historical Society	Act 63 §229	Act 142 §267	Act 66 §247	Act 122 §238
Micro-business development (OEO / AHS)	OEO			
Downtown Trans. & Capital Improvement Fund				Act 122 §231
Government Marketing Assistance Center	Act 63 §223	Act 142 §259		
Marketing & Promotional Team		Act 142 §263		
VT Economic Development Authority (grants)	Act 63 §226			
Job Development Zones	Fin. & Mgmt.	Act 142 §261	Act 66 §242	
Town of Hardwick (ED grant after mudslides)				Act 122 §288(a)(5)(O)
Intl. Ctr for Captive Ins. Educ. (Captive Ins. Fund)				Act 122 §232a
VT World Trade Office (VT Global Trade Partnership)				Act 122 §288(a)(5)(V)
VT Enterprise Initiative (DED)	Act 110 §261b(a)(37)			
Business Recruitment Enhancement			Act 66 §240b	
DoL - employ. & training services (federal - WIA)	VT DoL			
DoL - employ. services (federal - Wagner Peyser)	VT DoL			
VT Training Program	Act 63 §222	Act 142 §260	Act 66 §241	Act 122 §233
VT Mfg. Extension Ctr (from State Colleges)	Act 63 §182(c)	Act 142 §212 (c)	Act 66 §205(c)	Act 122 §193(c)
Practical nursing programs (State Colleges)	Act 63 §183	Act 142 §213	Act 66 §206	Act 122 §194
DoL - Trade Adjustment Assist. to Workers	VT DoL			
DoL - Apprenticeship training	VT DoL			
DoL - Labor Market Information (federal)	VT DoL			
Educ loan forgiveness - health care prof. (Health)	AHEC / UVM			
DoL - job training (federal - JTPA)	VT DoL			
Nursing Workforce Res., Planning & Dev. (UVM)	UVM			
DoL - Workforce Education Training Grants	VT DoL			
DoL - Human Resource Investment Council	VT DoL			
Workforce training (DoL & ACCD)	Act 110 §261b(a)(30)			
Tech. & Data Training & Outreach-Rural VT (UVM)	UVM			

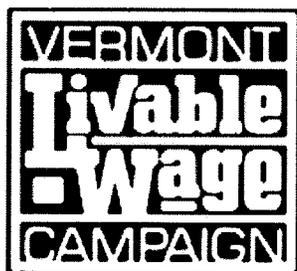
ENDNOTES

- ¹ A 2005 DED memo on the Financial Services tax credit program had many errors. VEPC submits annual reports with only aggregate data, some of which has been challenged in three state audits. The Economic Development Authority's (VEDA) job and wage data are based on information supplied by companies at application but it is not verified after the loans are made. Tourism & Marketing periodically pays for research but the findings are rarely evaluated. And there is no way to know the relative value of the state's marketing efforts compared to the millions spent by the private sector.
- ² Texas Government Code Subchapter B, §403.030 (www.cpa.state.tx.us/ecodata/sb275/) and Illinois Public Act 093-0552 §10.
- ³ Other tax expenditures are intended to achieve social ends in addition to economic goals (e.g., deduction for mortgage interest, charitable contributions, and exclusion of pension contributions for IRA's).
- ⁴ 2005 Act 75, §26; 32 VSA §312.
- ⁵ Costs include the earned income tax credit (EITC), Reach Up, Medicaid, various affordable housing subsidies, child care subsidies, Food Stamps, LIHEAP, etc. A number of states have recently published data on employers (like WalMart) whose workers receive state supported health care benefits.
- ⁶ Special rates are only approved if the company meets a "but for" test (would not expand without the special rates). If the project would have occurred anyway, the savings shift costs to other ratepayers.
- ⁷ 32 VSA Chpt. 151 §5930j.
- ⁸ See www.thinkvermont.com/vepc/vepc_range.cfm.
- ⁹ "A Plan for a Decade of Progress", VEPC, 2002, p. 6.
- ¹⁰ Involuntary PT workers ("PT for economic reasons") work less than 35 hours/wk because of business reasons (slack work or lack of FT opportunities) rather than because of personal constraints or preferences. BLS estimates there were 9,000 involuntary PT workers in VT in 2004.
- ¹¹ Nationally, the number unemployed for 27 weeks or more has doubled since before the recession.
- ¹² There are several contributing factors: VT's rate of self-employment is much higher than the U.S. (11% vs 7%); the % of women in the workforce is very high in VT; and VT has a lower % of people age 20 - 29.
- ¹³ "A Plan for a Decade of Progress", VEPC, 2002, p. 5.
- ¹⁴ Ibid, see Indicators, p.98.
- ¹⁵ In 2003, the top 1% of VT taxpayers earned \$487 million from capital gains, dividends, and interest (43% of the total).
- ¹⁶ "A Plan for a Decade of Progress", VEPC, 2002, p. 10.
- ¹⁷ Vermont Job Gap Study, Phase 8, p.12.
- ¹⁸ "A Plan for a Decade of Progress", VEPC, 2002, p. 6.
- ¹⁹ Ibid, p.10.
- ²⁰ www.thinkvermont.com/who/goals.cfm
- ²¹ Ady, New England Economic Review, March/April 1997, p.79.
- ²² Wasylenko, New England Economic Review, March/April 1997, p.47.
- ²³ Actual tax paid ÷ by net taxable income before taxes, expressed as a % (as opposed to marginal tax rates).
- ²⁴ *Corporate Tax Sheltering and the Impact on State Corporate Income Tax Collections*, Multi-State Tax Commission, July 2003, Executive Summary.
- ²⁵ Op cit., Ady, NEER.
- ²⁶ www.thinkvermont.com/who/strategies.cfm.
- ²⁷ Net private sector job growth for 3 yrs after the '91 recession was 6.8% but only 0.7% after the '01 recession (DoL.).
- ²⁸ www.vtlivablewage.org/JOBGAP6a.pdf
- ²⁹ According to the DoL, there were 80 private elementary & secondary schools in VT in 2004 and they employed approximately 2,700 people. These jobs are included in our sample but are dwarfed by about 21,000 public sector teachers and administrators.



The *Peace & Justice Center (PJC)* is a Vermont-based, non-profit, membership organization that works on the intersecting issues of economic and racial justice, and peace and human rights through education, advocacy, training, and non-violent activism. Since its founding in 1979, the Center has

played a leadership role in educating and organizing Vermonters to be change agents on a wide variety of peace and social justice issues. For over a quarter century, the PJC's work has tangibly improved the lives of tens of thousands of people in the state who have seen their incomes increase, have been trained in anti-racism, and have been motivated to speak out against injustice and for peace through marches, letter writing campaigns, testifying, participating in non-violent direct action and attending local and national protests. PJC has 1,600 members throughout the state; the organization operates a socially responsible store and library, and is an incubator and meeting place for dozens of grassroots groups.



Created in 1996 by the Peace & Justice Center, *the Vermont Livable Wage Campaign (VLWC)* is engaged in research, advocacy, educational programs, and grassroots organizing. VLWC believes all Vermonters have the right to a livable wage job that meets their basic needs, to organize themselves into a union, and to work in a respectful work environment. VLWC is a statewide movement of working people and their allies who are fighting to win livable wages through community-based organizing and union solidarity efforts. We believe that our hard-earned tax dollars should be invested in our communities to promote livable wage job creation rather than corporate subsidies. The

VLWC is non-partisan, but we support legislative initiatives intended to increase wages and expand the rights of workers.

To learn more about and access previous phases of the Vermont Job Gap Study or various resources related to livable wages, livable income and/or livable jobs, visit our website at www.vtlivablewage.org, or call us at 802-863-2345 x8.

Published by The Peace & Justice Center, 21 Church Street, Burlington, VT 05401. www.pjcv.org

The PJC wishes to thank the following financial supporters:

- Anne Slade Frey Fund
- Ben & Jerry's Foundation
- Burlington Community and Economic Development Office
- Champlain Valley Office of Economic Opportunity
- Haymarket People's Fund
- Northern New England Tradeswomen
- Unitarian Universalist Funding Program
- United Way of Chittenden County
- Vermont Conference of United Church of Christ
- Vermont Community Foundation
- Vermont Foodbank
- Vermont State Employees Association

Doug Hoffer - Research Director

Doug has a B.A. from Williams College and a J.D. from SUNY Buffalo Law School. He came to VT in 1988 to work for the City of Burlington in the Community & Economic Development Office. He left City Hall in 1993 to be an independent policy analyst. In addition to the Job Gap Study, Doug has authored reports on "economically targeted investments" by public pension funds (VT State Treasurer), the economic impacts of the child care industry (Windham Child Care Assoc.) and wind energy (Renewable Energy VT), various reviews for the VT State Auditor, performance measurement reports (Burlington Electric), Wal-Mart & corporate subsidies (Good Jobs First), and housing & wages (VT Housing Council). He has also conducted research on the economy and economic development for High Road VT, VSEA, the Public Assets Institute, the VT Sustainable Jobs Fund, the Town of Fair Haven, VT AFL-CIO, and others.