

April 2009

# The Report of the Commission on the Future of Economic Development



*Economic vitality, security and opportunity for all Vermonters*

**The Commission on the Future  
of Economic Development**

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# The Commission on the Future of Economic Development

Act 184 of the 2006 legislative session established the Commission on the Future of Economic Development (CFED) and transferred the responsibility for economic development planning from the Vermont Economic Progress Council to CFED (Appendix A). CFED was charged with developing a five year plan based on research and broad public engagement. The legislature, in Act 182 of the 2008 legislative session, instructed the Commission to complete the public engagement process and develop specific goals and, with input and validation by the economists of the executive and legislative branches, benchmarks.

To fulfill our mandate, the Commission sought expert testimony, reviewed numerous studies, and conducted a rigorous public engagement process to identify the elements needed for successful economic development in Vermont. From this long and deliberative process we have distilled four interconnected goals that we believe are the most critical to Vermont's future prosperity and vitality.

Once we established the goals, we turned to the economists of the legislative and executive branches for guidance in the development of meaningful, realistic, and verifiable benchmarks that will assist in shaping economic development polices and tracking Vermont's progress in attaining those goals. The work of the economists, entitled *Benchmarking the Outcomes of Economic Development Policy: A Report to the Commission on the Future of Economic Development (Appendix C)*, represents the first step in what the Commission and the economists believe is a critical component of successful economic development policy. Throughout this Report, the Commission has posed initial questions and extracted a small set of benchmarks from the full set in the economists report to serve as examples. Ultimately, we need a continuous process to identify policy questions and appropriate benchmarks to guide and measure the effectiveness of our economic development policies.

Bold and disciplined action is needed to accomplish the goals that the Commission has identified. The legislature, administration, and myriad of economic and community partners must work together with unerring discipline to focus our policies, regulations, programs and incentives on the critical interconnection between Vermont's assets, our collective values, our capabilities, and the opportunities which will increase state revenues and the prosperity of all Vermonters.

# EXECUTIVE SUMMARY

From the many comments, concerns, proposals and recommendations that we heard from our citizens, business leaders, community and civic organizations, and economic development experts, the Commission on the Future of Economic Development distilled the following **four principal goals for future economic development in Vermont that we believe are the most critical to our future prosperity and the welfare of Vermont's citizens**. These goals express what the Commission believes can be the outcome of focused, coherent economic development planning, and governmental policies and actions:

- **Vermont's businesses, educators, non-governmental organizations and government form a collaborative partnership that results in a highly skilled multi-generational workforce to support and enhance business vitality and individual prosperity.**
- **Vermont invests in its digital, physical, and human infrastructure as the foundation for all economic development.**
- **Vermont state government takes advantage of its small scale to create nimble, efficient and effective policies and regulations that support business growth and the economic prosperity of all Vermonters.**
- **Vermont leverages its brand and scale to encourage a diverse economy that reflects and capitalizes on our rural character, entrepreneurial people and reputation for environmental quality.**

These goals emerged from two and a half years of the Commission's study of Vermont's economy and the public policies that advance and impede economic development. They are interdependent and interconnected, and they must all be addressed if Vermont is to fulfill its economic development promise. We reviewed many reports on and evaluations of economic development policies (Appendix E). We heard many hours of testimony (Appendix D). We traveled to 12 regions of the state to hear from local business leaders, community organizations, and the public. We talked with representatives of the public and private sectors, traditional and emerging business sectors, educators and financial experts. Vermonters expressed concerns about economic challenges and perceived impediments to economic development. Vermonters also spoke about Vermont's assets and strengths, and offered many good suggestions for public policies and strategies for growing our economy (Appendix B).

The recent deterioration of state, national and global economic conditions has given our work a greater sense of urgency. Vermonters are very concerned about the current and future health of the economy and understand that our government's policies affect the economy in both positive and negative ways. They lack confidence that Vermont's government has a clear vision of the future, and they worry that our government does not appear to have a coherent plan to overcome the challenges we face or to recognize and capitalize on our unique strengths and opportunities.

This Report recommends strategies for achieving each of these goals as well as associated benchmarks to measure progress towards the goals. The implementation of the strategies is the joint task of the legislature, the administration, local, regional and state agencies, non-governmental organizations and individual Vermonters. The benchmarks, identified by Vermont's state economists, offer concrete measures for tracking how well public policies move us toward the attainment of our economic development goals (Appendix D). Ultimately, consistent monitoring of credible benchmarks will provide information on both the efficacy and cost-effectiveness of our public policies and strategies so that necessary adjustments can be made to continually improve Vermont's economic prosperity.

We did not choose these goals because they address the obstacles we face. We chose them because they represent the opportunities that spring from Vermont's strengths. We urge the legislature and the administration to embrace these goals and to act on both the urgency and the optimism with which we make these recommendations. Specifically, we urge the development of a unified economic development plan, based upon the Report's recommendations, which is adopted by the legislature and implemented by the administration as official state policy. Through wise, bold, and focused public policies, we can accomplish our ultimate vision:



It is important to note that the goals and benchmarking work reflected in this Report represent a first step in what must become a holistic, inclusive and systematic statewide effort to create, implement and track the performance of a comprehensive economic development plan for the State of Vermont. To this end, the Commission strongly recommends that the administration and the legislature commit themselves to the creation and support of a permanent statewide economic development board. We recommend that the Board be comprised of key leaders from the administration, the legislature, regional economic development and planning agencies, business and community leaders, non-governmental organizations and citizens groups that are stakeholders in the Vermont economy. The mandate of the Board should be to oversee state economic development research and planning for the state, make policy recommendations to the governor and the legislature, and monitor, report on and hold the administration and the legislature accountable for the attainment of the goals of the comprehensive economic development plan. If this commitment is not made, the future of economic development in Vermont will be as it has been in the past, with limited and ineffectual planning, unclear and unshared outcomes and goals, and uneven and ineffectual monitoring and benchmarking. Vermont deserves better.

## **Goal: Vermont's businesses, educators, non-governmental organizations and public agencies form a collaborative partnership that results in a highly skilled multi-generational workforce to support and enhance business vitality and individual prosperity.**

Vermonters' ingenuity, work ethic, and entrepreneurship have long been viewed as competitive assets. Our rapidly evolving economy requires a collaborative partnership of business people, educators, representatives from non-governmental organizations and government leaders to provide a skilled workforce to Vermont businesses, and career opportunities for all Vermonters. These partners must acknowledge the direct connection between education and economic development and assume responsibility for their roles in creating and sustaining a productive, adaptable and prosperous workforce.

**What the Commission heard:** Businesses are hindered by the lack of a sufficient number of technically skilled workers and we heard that some educational institutions are reluctant to see themselves as engines of economic development. Existing technical training, apprenticeship opportunities and workforce development efforts are valued but insufficient to meet the needs of Vermont businesses in preparing workers for the workplace.

### **The Commission recommends that the legislature and the administration work together to:**

1. Include in a Comprehensive Economic Development Plan an education component that builds on Vermont's lifelong educational system as a significant contributor to the creation and support of economic opportunity.
2. Create a unified education budget to allocate resources for all educational and workforce training programs from pre-k through 16 and adult learning.
3. Sponsor, lead and support a collaborative partnership among governmental agencies, educators, businesses and Vermont citizens to create the curricula and resources necessary to prepare Vermonters for new career opportunities. This collaborative effort will occur in all aspects of Vermont education: traditional schooling from K through 16 as well as technical training, apprenticeships, internships, school-to-work and non-traditional programs such as The Vermont Training Program, HiTech Vermont, and Vermont Works for Women.
4. Create a robust statewide school-to-work, internship and apprenticeship program, to provide workplace and life skills (including financial literacy) training starting at the middle school level so that students are exposed to and participate in work experience and career opportunities; supply technical, legal and financial support and incentives for these efforts.

### **Policy Questions**

Do Vermonters have the work skills, training, and experience they need to be matched to employment opportunities in Vermont?

Are employers able to find a sufficient number of skilled workers to meet their needs?

### **Benchmarks:**

1. Percentage of college and post-college educated individuals (US Bureau of Census, American Community Survey) Indicates trend in Vermont's concentration of highly educated citizens
2. High school graduation and literacy rates (US Bureau of Census, American Community Survey) Indicates the concentration of Vermonters who have met at least a basic standard of literacy as one domain of competence for successful employment
3. Comparative high school outcomes among all states (VT Department of Education, US Department of Education) Indication of the rigor of the literacy / knowledge standards for high school graduation
4. State unemployment rate (US Bureau of Labor Statistics) Macro indicator of whether job seekers are being absorbed into the employed work force; no indication of whether skilled jobs are being filled
5. Wage rate by occupation (US Bureau of Labor Statistics) Indicates how Vermonters' compensation, by job classification, compares to the nation; no indication of open positions in need of skilled applicants
6. Job vacancy rates by occupation Indication of whether open, skilled positions are being filled
7. Availability of publicly funded job training opportunities Indication of Vermont's capacity to respond to demand for skill training

## **Goal: Vermont invests in its digital, physical and human infrastructure as the foundation for all economic development.**

The Commission believes that an essential role of government is investment in our digital, physical and human infrastructure as the foundation for all successful economic development. It is the ground in which our entrepreneurs and businesses sow the seeds of their investments and upon which Vermonters prosper. Funding, building and maintaining our state's infrastructure are among the highest priorities for the investment of state resources.

### **DIGITAL/COMMUNICATION INFRASTRUCTURE**

**What the Commission heard:** The lack of adequate and reliable broadband and cellular infrastructure and access across the state not only impedes the growth of existing and new business in Vermont, but may induce existing businesses to relocate to other states that have better access to broadband and cellular service. Digital infrastructure benefits include government cost savings, increased productivity, and improved quality of life for Vermonters.

**The Commission recommends that the legislature and the administration work together to:**

1. Hold Vermont to its commitment to provide broadband and cellular access to 100% of Vermonters by the end of 2010.
2. Incorporate the statewide digital technology/telecommunications plan into the Comprehensive Economic Development Plan.
3. Include in the statewide Technology/Telecommunications Plan statewide mapping of locations on which the construction and operation of technology and communication infrastructure is a "permitted use"; include in the state regulatory and permitting processes for digital technology infrastructure the power to preempt local plans and ordinances where there is an overriding statewide or regional public interest in developing the infrastructure.
4. Leverage Vermont's digital infrastructure and develop innovative policies to give Vermont an advantage that attracts and retains e-businesses, and supports the growth and success of existing Vermont businesses.
5. Ensure that all Vermonters have access to and share the benefits of Vermont's communication and technology infrastructure.

#### **Policy Question:**

Are state of the art broadband and cell services accessible to all Vermonters?

#### **Benchmarks:**

1. Percentage of Vermont Population and Geography Covered With Cell and Broadband Services (US Bureau of Census)
2. Trend in the "take rate" for broadband service Indicates whether Vermonters are taking advantage of the broadband capacity when it is available

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### **PHYSICAL INFRASTRUCTURE**

**What the Commission heard:** Vermonters are very concerned over the deterioration of the physical infrastructure (especially our transportation systems) and the reliability and cost of energy.

**The Commission recommends that the legislature and the administration work together to:**

1. Make the development, on-going maintenance, improvement and, where appropriate, expansion of public infrastructure a key component of the Comprehensive Economic Development Plan.
2. Include in the Comprehensive Economic Development Plan a long term plan and a dedicated, restricted fund enables the necessary investments to maintain, repair, and replace Vermont's public infrastructure including, but not limited to, digital, energy, water/sewer, and transportation, including bridges, roads, railways, and airports.
3. Create a statewide public transportation authority to fund and maintain a statewide multimodal system for transporting people and products.
4. Provide support to ensure the availability and health of essential physical infrastructure for designated downtowns, village centers, new town centers and growth centers, including industrial sites.
5. Make the development, maintenance, improvement and, where appropriate, expansion of energy infrastructure a key component of the Comprehensive Economic Development Plan with the goal of secure, reliable, and cost-competitive energy through energy conservation, renewable energy, efficiency, and small scale power generation.

#### **Policy Question:**

Does Vermont's physical infrastructure enable economic opportunity and vitality?

1. Percentages of structurally deficient bridges and road pavement in poor condition (Federal Highway Administration, US Bureau of Census) Indicates whether Vermont is stemming the deterioration of the roads and bridges
2. Trend in freight shipment volumes by rail Indicates whether shippers are opting for rail or truck freight
3. Number of electric transmission reliability deficiencies projected within five years (Vermont Electric Power Company) Indicates infrastructure risk for electricity dependent, growing businesses and communities
4. Trends with designated growth centers Indicates whether Vermont communities are applying for and receiving growth center designations
5. Trends with available sewer and water capacity in communities Indicates capacity of communities to accommodate economic and residential growth concentrated in or near the downtown
6. Trends in mass transit use (Bureau of Transportation Statistics)



## **Goal: Vermont invests in its digital, physical and human infrastructure as the foundation for all economic development.**

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### **HUMAN INFRASTRUCTURE**

**What the Commission heard:** Vermonters are struggling to secure basic needs such as health care, child care, affordable housing, and quality education. These basic needs were identified as prerequisites to, rather than the product of, economic development. Employers recognize that the health and well-being of our workforce is critical to business success. Worker recruitment, retention and productivity depend on worker quality of life as measured by wages, as well as by health care, child care, housing, connected communities and a healthy environment.

#### **The Commission recommends that the legislature and the administration work together to:**

1. Recognize Vermont's investments in education, community programs, and human services as economic development investments, and make the availability, creation and funding of human infrastructure a key component of the Comprehensive Economic Development Plan.
2. Invest in higher and post-secondary education, health care, childcare, and job readiness to provide Vermonters the ability to participate in the workforce.
3. Create regulatory changes and make investments needed to increase the supply of workforce housing.
4. Establish an equitable and economically sustainable system that provides basic health care to all Vermonters and rewards healthy behavior and wellness.

#### **Policy Question:**

Does Vermont's human infrastructure meet basic needs so Vermonters can participate in the economy?

#### **Benchmarks**

1. Trend in household incomes by quintile and median (Bureau of Economic Analysis, US Department of Commerce)
2. Trends in availability of work force housing (US Bureau of Census, American Community Survey)
3. Trends in housing supply, median cost and homeownership (US Bureau of Census American Community Survey)
4. Total state and local taxes paid by Vermont residents overtime and relative to population, income and other states (US Bureau of Census – Government Finance)
5. Trends in and access to and affordability of childcare (US Bureau of Census, VT Joint Fiscal Office)
6. Trends in affordability of and access to health coverage -- % covered by health insurance; number and percentage covered by high deductible policies; % covered by employers; age adjusted Health Expenditures by Segment (US Bureau of Census, BISHCA)
7. Total number of households that avail themselves of Public Assistance. (US Bureau of Census data)

## **Goal: Vermont state government takes advantage of its small scale to create nimble, efficient and effective policies and regulations that support business growth and the economic prosperity of all Vermonters.**

Vermont is a small rural state, smaller than other states in almost every aspect. The Commission believes that our scale can become an asset in this fast-paced global economy that rewards flexibility and agility. While our government agencies are small, they are not nimble and our policies often impede economic opportunity at the expense of Vermonters' quality of life. Significant restructuring of agencies and policies can increase efficiency and effectiveness without significant public investment.

### **INTEGRATED STATEWIDE PLANNING & POLICIES**

**What the Commission heard:** Despite its small scale and accessible government, Vermont lacks a shared statewide vision of its economic future. Economic vitality in Vermont is hampered by the lack of coordination among state agencies, between regional economic development corporations and regional planning commissions, and among these regional entities and various state agencies. As a result of these disconnects, Vermont lacks a single, integrated state plan for economic development.

Additionally, we heard that coordinated regional input is imperative for an effective, nimble and integrated statewide economic development plan. Strong regional development organizations and regional planning commissions are critical partners and resources.

Vermont's small scale and easy access to our government is a potential strength, but we often fail to take advantage of the opportunities that our "smallness" offer us.

We urge the development of a unified Comprehensive Economic Development Plan, based upon these recommendations, to be adopted by the legislature and implemented by the administration as official state policy.

#### **Policy Question:**

Does Vermont have, as official state policy, a Comprehensive Economic Development Plan (CEDP) and unified economic budget, which align public policies, to facilitate economic development and ensure accountability for achieving the explicit goals of state policy?

#### **Benchmarks:**

1. Vermont has established a statewide comprehensive economic development planning board that has the authority and responsibility to adopt a Comprehensive Economic Development Plan (CEDP).
2. Legislature adopts an official Comprehensive Economic Development Plan (CEDP), based on regional plans, that aligns state policies and ensures accountability. Indicates whether Vermont has an explicit policy for economic development that guides the decisions and actions of regulatory agencies

**The Commission recommends that the legislature and the administration work together to:**

1. Establish an inter-agency Economic Development Planning Team at the Secretary level that participates in developing and implementing a statewide economic development plan with broad public input that integrates regional land use and economic development plans, state agency plans, and the goals and recommendations of this Report into a single statewide Comprehensive Economic Development Plan. The team should include representatives of all relevant state agencies that are directly or indirectly involved in or whose policies affect economic development, including Commerce and Community Development, Natural Resources, Agriculture, Transportation and Human Services. This statewide Comprehensive Economic Development Plan will be submitted to the state legislature for full endorsement.
2. Recognize in the Comprehensive Economic Development Plan the importance of indigenous, small-scale, value added and land-based entrepreneurs and businesses in our economy and to our economic future; specifically target economic development policies and support to sustain and grow our existing businesses and create opportunities for emerging businesses and entrepreneurs.
3. Create and maintain a single portal, through the Economic Development Planning Team and its regional economic development and planning partners, for entrepreneurs and existing businesses to access coordinated technical and financial assistance for growing and expanding businesses in Vermont.
4. Expand the capacity and ability of Vermont colleges and universities to provide targeted assistance to entrepreneurs, including but not limited to business management and financial training, research and development, technology transfer, patent processing, internships and mentoring.
5. Provide a process, sufficient funding and technical support for Regional Economic Development Corporations and Regional Planning Commissions to work collaboratively to develop comprehensive regional plans that serve as the foundation of and are integrated into the statewide Comprehensive Economic Development Plan.
6. Broaden and revise growth center laws and regulations to create greater flexibility, greater efficiency, and stronger incentives for development of and within growth centers. Provide planning grants and technical assistance for the establishment of growth centers. Empower conclusive determinations of state and municipal regulatory criteria at the time of growth center designation. Create enhanced financial incentives (including tax incremental financing, tax incentives and targeted VEGI programs) for businesses and for investment in human infrastructure (including child care, health care, work force training, and affordable housing) that support growth centers.

## **Goal: Vermont state government takes advantage of its small scale to create nimble, efficient and effective policies and regulations that support business growth and the economic prosperity of all Vermonters.**

Vermont is a small rural state, smaller than other states in almost every aspect. The Commission believes that our scale can become an asset in this fast-paced global economy that rewards flexibility and agility. While our government agencies are small, they are not nimble and our policies often impede economic opportunity at the expense of Vermonters' quality of life. Significant restructuring of agencies and policies can increase efficiency and effectiveness without significant public investment.

### **EFFICIENT REGULATION AND PERMITTING**

**What the Commission heard:** Inefficiencies in our state and local regulatory and permitting programs, including a lack of coordination among state regulatory agencies and redundancies in state and local regulatory programs have hampered economic development and investment in Vermont. Navigating the permitting process can be unnecessarily difficult, time consuming and expensive and many potential entrepreneurs and investors may simply give up.

#### **The Commission recommends that the legislature and the administration work together to:**

1. Empower the Economic Development Planning Team to be the state's representative in all permitting and regulatory processes to consolidate and streamline the State's participation in the permitting process; the Team should provide a single, timely, statement that represents a consensus of all relevant agencies and is consistent with the Comprehensive Economic Development Plan.
2. Identify and eliminate both substantive and procedural redundancies among local, regional and state regulations.
3. Establish mandatory performance criteria and time limits for regulatory and permitting decisions, measured from the date of application for the date of issuance or denial of all state or local permit or approval, that recognize the adverse effect that undue permitting delays have on economic development.
4. Include in all regulatory and permit programs a requirement, for all those applying for land use development permits or regulatory approvals and those seeking party status (including statutory parties), to participate in mediation for all disputes. This mediation process will be available at the request of any applicant or party at any time following the filing of an application — including after an issuance of preliminary findings by the permitting or regulatory authority prior to a final ruling.
5. Require all land use, development and permitting statutes, regulations and rules to provide for comprehensive permitting and pre-approval of specific growth centers, "master planned" areas and "shovel-ready" sites for commercial and industrial development, housing development and physical infrastructure.

#### **Policy Question:**

Is Vermont's permit regimen aligned with the CEDP and supportive of the official state policy?

#### **Benchmarks:**

1. Agencies of state government officially speak with one voice on permit applications that bear on projects to ensure the implementation of the CEDP. Indicates that the state's regulatory agencies are coordinated in their response.
2. Trends in the inventory of pre-permitted, smart growth qualified commercial / industrial building lots throughout the state. Indicates streamlined permitting and Vermont's preparedness to meet the space needs of growing companies and companies seeking to locate new or additional premises in Vermont.
3. Percent (%) of all state and local permits, including Act 250 permits, with decisions made in 120 days (VT Agency of Natural Resources). Indicates streamlined permitting.

## **Goal: Vermont leverages its brand and scale to encourage a diverse economy that reflects and capitalizes on our rural character, entrepreneurial people and reputation for environmental quality.**

We have an opportunity to use our brand and shared values to our competitive advantage. Now is the time to leverage our natural resources, and small scale to stimulate economic vitality and prosperity. While Vermont's pioneering land use and environmental regulations are frequently perceived as an impediment to economic development, our reputation for environmental stewardship can be turned to our advantage. Vermont businesses, government and environmental organizations must be partners and leaders in supporting and creating a green economic sector and the use of green business practices throughout our diverse economy.

**What the Commission heard:** The strength of our state economy is dependent upon a diversity of business sectors. There are unique and innovative Vermont businesses that are successfully competing in the global marketplace that need to be nurtured. There is broad consensus that Vermont can further leverage its brand, including its green reputation, into economic gain. Our entrepreneurial people, healthy environment and connected communities – our quality of life – is a genuine economic asset.

### **The Commission recommends that the legislature and the administration work together to:**

1. Ensure that Vermont policies and programs support and retain Vermont's existing businesses while offering additional financial and regulatory incentives that encourage investment in the "green economic sector" – energy efficiency, renewable energy, sustainable and value-added agriculture, forestry and other land-based sectors, knowledge-based industry—and in "sustainable and green" practices.
2. Promote entrepreneurial efforts by creating more effective incentives for investors to invest in Vermont's small businesses. Evaluate and, where appropriate, reduce or remove regulatory barriers to aggregating and accessing private capital by modifying "capital formation", "Blue Sky" and "licensed lender" restrictions.
3. Adopt and evaluate taxation policies that are competitive with other states, provide value to Vermonters, assist in new business formation, and are progressive without being punitive or unpredictable.
4. Stabilize and, where possible, reduce major business costs that are affected by public policy including, but not limited to, the following: energy, health care, taxes and workers compensation.

### **Policy Questions:**

Is Vermont's economy appropriately diversified among economic sectors and regions?

Is Vermont seeing economic growth through innovation and entrepreneurial activity?

Is Vermont a good incubator of entrepreneurial, intellectual property based ventures?

Is the green economic sector a significant and expanding sector of the Vermont economy?

### **Benchmarks:**

1. Productivity in comparison to national average and competitor states (Bureau of Economic Analysis, US Department of Commerce) Indicates productivity
2. Dollar value of exports (to USA and internationally) Indicates how well Vermont businesses are succeeding in the increasingly competitive global economy
3. Exports—jobs lost to off-shoring and overseas competition (US Department of Labor, Trade Adjustment Assistance Program)
4. Vermont's Trade Balance by sector (e.g., for food, use the Consumer Expenditure Survey v. Agricultural Census and sector specific Gross State Product figures from the BEA supplemented by the Census' Commodity Flow Survey) Indicates Vermont's self-sufficiency by sector and indicates sectors where import substitution policies can effectuate change in the amount of capital or products Vermont is sending out of state.

continued

5. Employment and payroll trends of the top 5 largest, non-Vermont based employers by region Indicates whether Vermont is protecting its interest with large out-of-state employers

6. Industrial and Economic Diversity Indices – Over time relative to other states (Corporation for Enterprise Development, Bureau of Labor Statistics) Indicates the degree to which Vermont's economy is well balanced among economic sectors or increasingly dependent on a few sectors

7. Employment mix and payroll trends by Vermont region and by size of business (US Bureau of Labor Statistics) Indicates whether Vermont is fulfilling its strategic ambition to attract and grow small business, entrepreneurial ventures

8. Job creation by new business start ups – over time (Office of Advocacy, US Small Business Administration) Indicates whether Vermont is meeting the goal of being attractive to entrepreneurs and small business owners

9. Business and plant closures and the number of jobs lost. Indicates the retention of businesses in Vermont and the effect on employment

10. Research and development: private, academic, federal (US Department of Commerce/ US Patent Trademark) Trends with patent filings and intellectual property which indicates whether Vermont is meeting its goal being attractive to innovation based companies

11. Employment and payroll trends of companies selling green products or services (US Bureau of Labor Statistics) Indicates whether Vermont is capitalizing on its green brand and fulfilling its strategic ambition to be home to a robust and growing sector serving the world market

## Conclusion

The Commission on Future Economic Development has worked diligently to produce for the Vermont legislature a vision and set of goals for our economy that leverages our strengths and acknowledges the turbulent economic conditions. As intended when the Commission was established by the legislature in 2006, the members of the Commission represent a broad diversity of backgrounds, constituencies, political and social values. Yet through a collaborative process that emphasize our shared values and vision for Vermont rather than our differences we were able to come together to unanimously support the goals. We believe the recommendations of this Report are vital to Vermont's long term economic success. We are confident that, if we can do it, so can the diverse constituencies in our government come together to establish laws, regulations, policies and actions that will be necessary to attain the four goals.

The ultimate objective of Vermont's economic development strategies is the economic security and prosperity of Vermonters. The Commission believes the four goals outlined in this report are guideposts for current and future legislation. The benchmarks serve as an initial set of measures for evaluating progress and change related to the four goals. We urge the refinement of a fuller set of indices utilizing the list offered in the appendices.

The strategies listed under each goal are recommended priorities for legislation in the upcoming session. It is imperative that an annual and multi-year statewide action plan is jointly developed that includes clear objectives, assigns responsibilities and timelines, and attaches budgetary support.

While changing economic conditions may reorder the priorities or demand new initiatives for the immediate future, we believe that the goals are enduring as they are the underpinnings for economic vitality, security and opportunity for all Vermonters.

## Implementation: The Vermont Economic Development Board

For successful implementation, the Commission on the Future of Economic Development recommends the formation of a Vermont Economic Development Board that is authorized and empowered under the Vermont statutes as the state economic development planning agency. The purpose of the Board would be to: oversee state economic development research and planning to fulfill the economic development goals of this report; prepare a Comprehensive Economic Development Plan for adoption by the legislature and the administration; make economic development policy recommendations to the administration, the secretaries of relevant state agencies (Administration, Commerce and Community Development, Natural Resources, Transportation, Labor, Human Services, Agriculture, Food and Markets), the governor and the general assembly that implement the Comprehensive Economic Development Plan; and monitor and report on progress on the attainment of the goals of this report and the Comprehensive Economic Development Plan.

The Commission recommends the adoption of legislation that provides for the establishment of a permanent Vermont Economic Development Board that would be comprised of: state government officials (agency secretaries or their designees); chairs or vice-chairs of relevant committees of the Vermont House of Representatives; chairs or vice-chairs of relevant committees of the Vermont Senate; representatives of the regional economic development corporations; representatives of the regional planning commissions; representatives of non-profits, economic development and social service organizations; representatives of

business and labor organizations; business, education and community leaders; representatives of the public who have demonstrated expertise in and a commitment to the implementation of the Comprehensive Economic Development Plan. The Vermont Economic Development Board should be large enough to provide effective representation of its diverse constituencies but small enough to be nimble and appropriate to Vermont's scale. Appointments to the Vermont Economic Development Board should be made by the governor and the legislature in equal numbers, and should be for fixed terms of from three to six years. The legislation establishing the Vermont Economic Development Board should provide for a paid executive director and staff/administrator position and should provide for support from the economists of the executive and legislative branches. Appointees to the Vermont Economic Development Board should serve on a volunteer basis with no compensation other than direct costs of travel and per diem.

The Commission strongly recommends that the administration and legislature commit themselves to the creation and support of a permanent economic development planning board. This commitment will ensure that the future of economic development in Vermont will be strategic, based clear goals, and informed by continual monitoring of benchmarks for success.

Respectfully submitted April 2009,

Jay Kenlan, *Chair*

William Botzow, *Vice-Chair*

### **The Vermont Economic Development Board should:**

- Act as the Board of Directors for economic development in the state, including providing guidance to the regional partnerships and the agency secretaries, and the legislature
- Develop a comprehensive economic development plan including, among other components:
  - Retention and recruitment strategies, including incentives
  - Prioritization and coordination of economic development investments and policies
  - Workforce development
  - Collaboration with education and research institutions
  - Coordination of agencies, foundations, boards and nongovernmental organizations involved in economic development
  - Coordination of agencies, foundations, boards and nongovernmental organizations involved in maintaining Vermont's human infrastructure
  - Planning and development of future technologies, green industries and the strengthening and marketing of the Vermont brand
- Advocate for and hold the administration and the legislature accountable for attainment of the goals of the Comprehensive Economic Development Plan.



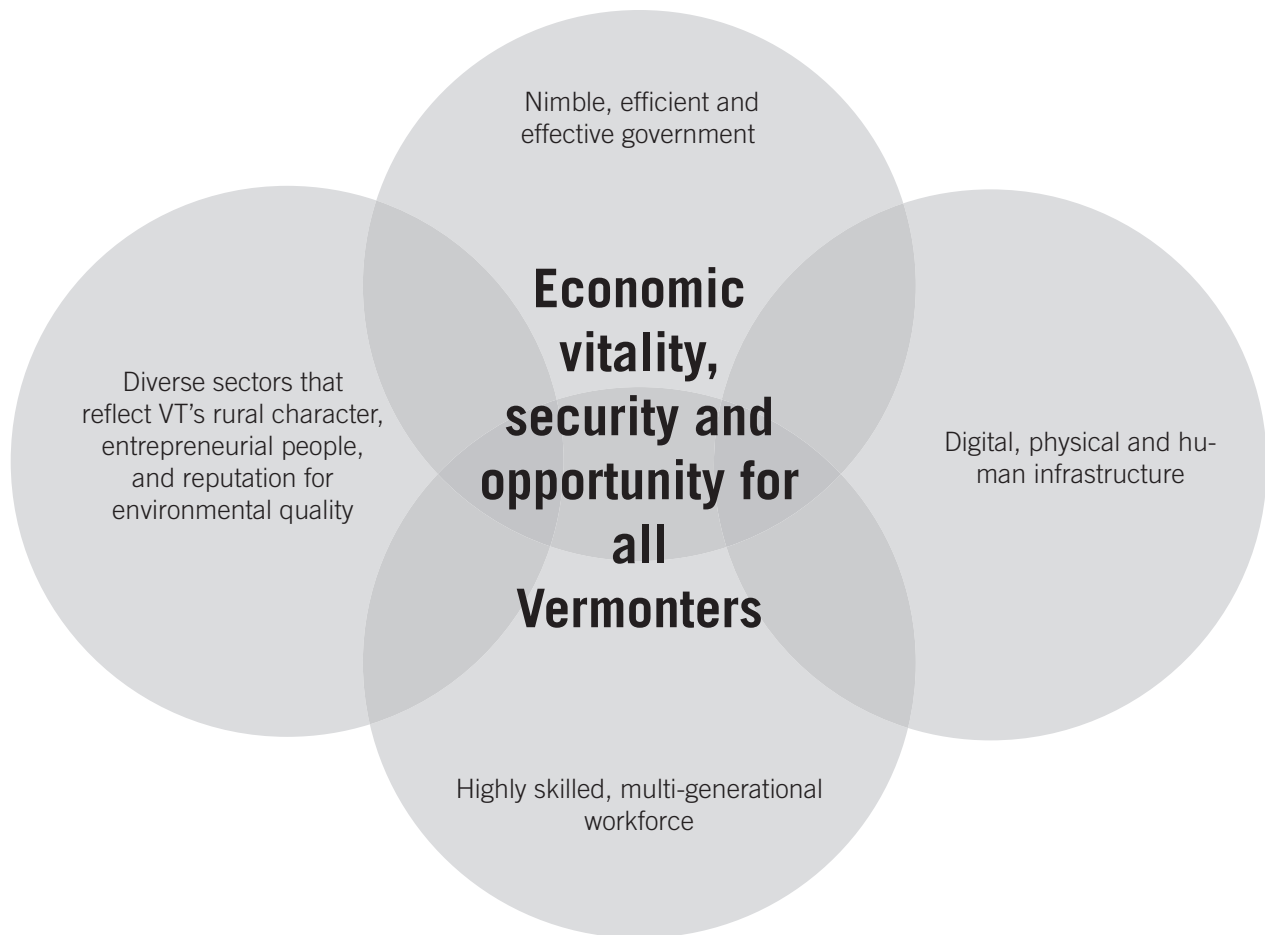
## Appendices On-Line or Available Upon Request

[www.snellingcenter.org/cfed/](http://www.snellingcenter.org/cfed/)

- A. Authorizing Legislation
  - 1. Act 184
  - 2. Act 182
  
- B. *Key Themes in Stimulating and Supporting Future Economic Development: Report on the Public Engagement Process* by the Snelling Center for Government to the Commission on the Future of Economic Development, October 2008
  
- C. Benchmarking – Submitted to CFED Jeffrey Carr, State Economist and Tom Kavet, Economist to the Legislature
  - 1. Memorandum from Jeffrey Carr and Tom Kavet, April 2009
  - 2. Benchmark Criteria, December 2008
  - 3. CFED Goals and Benchmarks, January 2009
  - 4. *Benchmarking the Outcomes of Economic Development Policy: A Report to the Commission on the Future of Economic Development*, April 2009
  
- D. List of Presenters to CFED
  
- E. List of Publications/Reports Reviewed by CFED

# The Report of the Commission on the Future of Economic Development

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