

## **Benchmarking the Outcomes of Economic Development Policy: A Report to the Commission on the Future of Economic Development**

*We have been asked by the Vermont Commission on the Future of Economic Development to work with the Commission to develop benchmarks by which the State of Vermont can reliably gage the effectiveness of its economic development policies in attaining the economic development goals established by CFED in its January 14, 2009 report to the administration and the legislature. This preliminary benchmarking exercise is designed to show how the use of selected benchmarks along with accompanying interpretive commentary may be used to assess the performance of economic development policies, as framed by specific questions set forth below. This preliminary benchmarking exercise is not intended to be an exhaustive response to the questions posed, rather, it is an example of the kind of analysis and response that would be useful in developing a more complete understanding of the issue under consideration and that could provide guidance in the adoption and implementation state economic development policies to address such issues.*

*Once the parameters and criteria of a preliminary benchmarking process have been established, the next step in the benchmarking process is the actual setting of numeric goals and objectives to which the State is willing to hold itself accountable over some reasonable time frame. There are many reasons for establishing quantitative benchmarks. In the case of this CFED effort, the primary objective for establishing a system of benchmarks is to enable the Vermont legislature and relevant State agencies to periodically and objectively set and evaluate priorities, and to monitor the progress of programs and/or department-agency efforts in implementing those priorities toward a defined set of desired outcomes-goals for the State of Vermont.*

*At this initial design point, quantitative benchmark recommendations for this issue have not been developed. These would ideally be developed through a deliberative process, involving discussions and analysis that would reflect a combination of refinements to the CFED visioning and goal-setting process - including the set of five broad policy goals for the State that are established in the CFED Report - and the subsequent development of a series of specific questions and strategy statements under each goal which would provide a general approach as to how and at what pace the State may be expected to proceed towards achieving the stated vision and goals.*

*These quantitative benchmark recommendations would also ideally reflect: (1) an understanding of the long-term economic performance and structural economic issues that have been impacting the state economy (even before the onset of the current economic recession), and (2) a general understanding of the global competitive environment that Vermont businesses today must operate within. In order to successfully achieve any stated benchmark goal, specific actions will*

*be required by many partners both in and outside of the economic development community. Businesses need the involvement of the public sector to attend to such important aspects of quality of life and economic opportunity and stability as a stable tax policy and regulatory climate, the quality and commitment to funding existing and potentially new education and workforce training efforts-programs, environmental protection and high quality infrastructure. The public sector needs the business community to create and retain the well-paying job opportunities that financially support all aspects of healthy communities. The volunteer-nonprofit portion of the state's human and services delivery infrastructure needs assistance from both businesses and the public sector to effectively do their work as well.*

*The process of establishing a quantitative benchmark typically involves three steps. The first step requires the establishment of a set of goals that serve as the overall guiding criteria for the Comprehensive Economic Development Plan. The second step involves identifying an inventory of potential quantitative indicators such as those suggested above. The third step in the benchmarking process typically involves the actual development of quantitative targets for each of the potential benchmark indicators. These initial outcome-based targets are usually set in a way that are thought to be:*

- 1. Aggressive yet plausible, and*
- 2. Include only those indicators where state action or action taken in conjunction with local-regional partners could effect significant change.*

*For the benchmarking process to be credible and useful to the formation, implementation and evaluation of economic development policy it is clear that some additional commitment and capacity will be needed at the highest level of State government if we are to attain the economic development goals identified by CFED. Benchmarking must be done on a consistent, on-going basis to ensure that our economic development policies will have the capability and focus that will be required to attain Vermont's economic development goals.*

***A Preliminary Benchmarking Exercise  
To Assess Workforce Development Policy***