

Memorandum

April 7, 2009

From: Jeffrey Carr, State Economist
Tom Kavet, Economist to the Legislature

To: Jay Kenlan, Chair,
Commission on the Future of Economic Development (CFED)

In accordance with the request of the Commission on the Future of Economic Development, we have provided three benchmarking reports that we understand will be incorporated into the Commission's January 14, 2009 Report:

- First, the Benchmarking Process recommended ways for the CFED and state policy makers to approach effective benchmarking.
- Second, the Notes on CFED Benchmarks is a detailed list of statistical benchmarks with which to track progress over time on the four major goals established in the CFED report.
- Third, the Sample Benchmark Query Response is an example of the kind of detailed analysis and narrative the State of Vermont should expect to receive periodically to interpret the benchmark data and accurately track Vermont's progress towards meeting the four goals.

We note that the Commission has included in its report a subset of the proposed benchmarks for primary use. While we understand that the inclusion of benchmarking examples is intended to continue the Commission's work on the benchmarking process, we would caution that too small or simplified a set of data may not form a completely reliable basis for policy deliberation. We would encourage the Commission to continue to work with us or another qualified economist-group to develop an effective and credible benchmarking standard for each of the economic development goals set by the Commission in its Report.

As economists who have ongoing experience with and responsibility for measuring the effectiveness of state policies, we endorse the CFED report as a strong first step in establishing a coherent policy framework for economic development in Vermont. In order for the promise of the CFED work to be fulfilled and for our economic development policies to be successful, the state must establish and fund a consistent process for tracking the benchmarks and reporting on progress towards the economic development goals set by the Commission in its Report. It is our belief and recommendation that the state should establish and empower an appropriate economic development planning group to produce a comprehensive economic development plan and benchmarking process that is adopted as official state policy and that is relied upon to shape and guide Vermont's economic development policies and programs.