

CFED - Vermont -- February 4, 2008 9am - 4:00pm
- Central Vermont Chamber of Commerce Conference Room, Berlin, Minutes
- DRAFT

Commissioners Present: Barbara Grimes, Mary Niebling, Bill Botzow, Kevin Dorn, Mary Lintermann, Staige Davis, Fred Kenney, Sam Matthews, Will Patten, Dan Kurzman, Jay Kenlan

Absent: Hinda Miller, David Mount

Staff: Glenn McRae & Jen Eldred, Snelling Center for Government

Opening Business

- Minutes from January 11, 2008 Meeting were approved as submitted (moved by Staige Davis, second by Mary Linterman)
- Report from the Chair: The report was submitted to the legislature and the Chair has been invited to present the report and a request for funding for the next FY to House Appropriations, House Commerce and meetings with the Speaker and President Pro Tempore. The Chair also discussed the feedback that the Commission had been receiving concerning the need for more public input (see Memo of February 1 attached).

Discussion on the report. Members noted that the Commission approved a budget of \$188,000 in January with some contingencies to be developed. The budget request included the CFED estimate of what was needed to accomplish all of its tasks (which totaled \$194K after adjustments, but the request that the Chair submitted was only for \$154K. The chair explained that after consultation with Rep. Botzow and Sen. Miller and assessing the fiscal constraints that the legislature was under, he determined that the best course of action was to ask for an amount approximately equal to the allocation of the previous year. After discussion it was determined that the proper procedure for the Chair to follow would have been to convene the finance committee in absence of the full commission to make a decision that deviated from a whole group decision. That will be the procedure in the future. It was also noted that in the Chair's note to the legislature that he questioned whether the expenditure for continued video taping of the CFED meetings was the best use of funds, but that this did not represent a consensus of the Commission.

Other business: The Chair reported that Hope Crifo had submitted her resignation from the Commission. The Chair has requested that the Vermont Labor Council appoint a new representative as soon as possible. On behalf of the Commission the Chair will send a letter to Hope thanking her for her service on the Commission.

- Report from the Snelling Center

Glenn McRae reported on the activity on the CFED website (requested last meeting)

- From July07 - Jan08 the CFED website has been viewed 936 times.
- The average time on a page was 54 seconds
- One third of the viewers left the page they entered from, while two-thirds went on to other pages

- 32% of viewers left from the CFED website instead of going on to other unrelated links on the Snelling Center website
- 42% of visitors entered the CFED website directly
- 57% entered from a previous page on the Snelling Center website
- 69% of viewers went on to other pages off of the CFED homepage
- The three top entrance sources to the website were:
 - (1) Directly from the CFED home page
 - (2) The dca.state.vt.us website
 - (3) from a google search
- The top search keywords were:
 - * Commission on the future of economic development, Vermont
 - * Snelling Center

Glenn McRae presented the concept a possible "blog" or bulletin board that would document Commission email traffic on discussions of substance and sharing of various resource documents. This would provide a direct link for interested parties to have access to this traffic outside of formal meetings. Few members had visited the demo site so discussion was tabled.

The Unified Economic Development Budget report that the Snelling Center conducted for the Department of Finance and Management and that was submitted to the legislature was handed out to the Commission. Members will review and a later discussion will be scheduled as needed.

Glenn McRae provided an update on outreach to the RDCs and regional partners to help start setting up the spring public outreach effort. (see later discussion below). Dates are been set and will be releases as soon as possible.

➤ Finance Committee

The finance committee had not met since the last meeting. With Hope Crifo's resignation, Mary Lintermann was appointed to take her place on the committee and Sam Matthews was asked to chair the committee. The committee will track expenses as reports are provided by ACCD and The Snelling Center and will work with Glenn McRae on budgeting of the public engagement process. When a budget decision is made in the legislature the Finance Committee will review options and report to the CFED as a whole.

PUBLIC ENGAGEMENT PROCESS DISCUSSION

Public Input Process – Regional outreach and meetings

- Need for including public and getting input from public in order to move forward.
- A sample workbook was presented by Glenn McRae
- Workbook needs to be edited in order to give people specific options rather than broad questions; also include information to help guide and inform the discussion
- People also need to be given education/information background so answers are not just opinion based.
- Need to develop a strong conclusion – not a vague collection of opinions.
- The key will be the structure of meeting and having a specific concept.
- Need to determine what the painful choices are – it is ok to be uncomfortable
- Need to make sure that the result is directional and specific
- Keep focus on opportunities
- Report should be motivational
- Process should be informed as much as possible by the regional partners

CFED – Continuing education process

- Need to start looking at questions, and then start a panel of experts to educate the commissions so there is sufficient background knowledge before drafting the report. Could use lunch periods for guest speakers. Need more recognized practitioners, not just policy people.
- Could create committees within commission to look at specifics (ex: Agriculture Department) to find the right speaker to come in and present.
- Could expand the lunch time so speakers would have adequate time to present.

Set up a series for March – June

- Test in March with Agriculture and Forestry
- Have set of questions and guidelines to help Commission members get the most out of the conversations

- CEDS is a good example of broad public input – would like a GBIC Executive Summary presentation to find out who they reached out to.
- Montana is a good example for turning around the economy. (Sam Matthews has article)
- Need to look at the current economy, what the future economy looks like, and its effectiveness.
- Need to start paying attention to bringing attention to the tasks through the media; connect the public with the commission and its mission – possibly through local newspapers during the public engagement process.

**Overview of the Vermont Economy of Today:
Vermont's Economic Sectors, Key Leverage Points and Programs, Benchmarking,
Successes, Challenges**

Begin work on the first phase of our action plan: DEFINE 'THE VERMONT ECONOMY' AS IT EXISTS TODAY AND IDENTIFY CURRENT ECONOMIC CONDITIONS AND EXTERNALITIES THAT INFLUENCE, OR ARE INFLUENCED BY, THE VERMONT ECONOMY (January-March 2008)

Presentation by Kevin Dorn – *The Vermont Economy by the Numbers: The View from the Agency of Commerce and Community Development*
(see separate document - attached)

Presentation by Kevin Dorn:

- Declining workforce.
- Vermont's gross domestic product is the lowest in New England.
- Diverse Vermont economy – geographic diversity.
- Some population growth.
- Review job growth in different categories – not all are equal. Need to ask if we are growing jobs where there are multipliers.
- Multiplier factors need to be taken into account; manufacturing jobs have many multipliers, as do health care jobs..
- Vermont is a small business state.
- Chittenden County is 1/3 of the state economy.
- 3 research institutions within close proximity.
 - University of Vermont
 - Dartmouth
 - RPI

If we take a strategic approach, they can all feed research into our region.

Long term investments need to be made to build these relationships and bring ideas into the marketplace

- Medical and higher education have the most growth.
- Tourism, Forestry, and Agriculture are missing from the list.
- Economy has seen growth in gross domestic product.
- Not a dependence on large businesses – but they produce much of the wages.
- Large employers play a major role. Do not have the best information on those that are publicly traded companies; don't always know their current situation or where they are going.
- Need to look at how to increase multipliers.
- Need to balance looking at all sectors, while still focusing on higher revenue sectors.
- Number one priority for DED is to continue to diversify the economy.
- Critical issue in Vermont is more students leave Vermont after graduation than stay.
- Job growth – need to look at what are the hard jobs for employers to fill; understand how much of a drag that is on the economy; look at strategies to address.
- Important to not only look at money coming in to Vermont, but if that money is then actually spent within Vermont.

- Identify benchmarking tools: Is measure impacted by forces outside of Vermont or is it related to the state's investment? What benchmarks are of value? Need to have 3 levels of benchmarks.
- DED - 90% of money is spent on retention (job growth). 10-15% of that is toward entrepreneur support.
- 10% of money is spent on recruitment.
- What is return on investment for strategies? Need to have connection between measure and goal.
- DED has some small amounts of money to target specific areas: e.g., natural resources, green economy, software. Each of these has a plan.

Discussion

- How do we focus on bringing dollars in through sending value added products out, and incentivize this?
- How do we make sure we have the workforce to base future growth opportunities on?
- What are the multipliers (need definition)?
- What is the impact of dollars circulating in the economy?
- How do we take low wage jobs, and work with employees to gain certifications or skills that allow them to grow to higher wage in current position or move on to higher skill jobs?
- What benchmarking tools do we have?
 - Indicators that we have control over – External (price of oil – no control)
Internal (state activity & investment)
- Policy needs to focus on what decisions we can make, and the impact of those decisions and their measurability.
- Investments – How to determine ROI over time
- Need to measure toward specific goals
- Externalities currently guide many of our investments

Affinity Exercise:

Copies of the homework assignment agreed to at the January meeting on defining the Vermont economy of today were distributed (see attached)

What are the dominant sectors or segments of today's Vermont economy?

CFED's defined areas of economic interest (by legislation):

- Agriculture
- Social programs
- Energy
- Education
- Childcare
- Science/Technology
- Arts/Culture
- Transportation
- Telecommunication
- Housing
- Workforce
- Tourism/Recreation
- Social, Physical, and Governmental Policy Infrastructure

What are the key components of Vermont's economy today?

What is the relative strategic importance of each of these areas?

Areas generated in meeting from highest importance ranking to lowest:

A rapid ranking exercise generated the following results:

- Higher Education/Workforce (11)
- Vermont Resource Based Manufacturing (6)
- Non-Vermont Resource Based Manufacturing (6)
- Energy (6)
- High Tech (6)
- Recreation/Tourism (3)
- Housing/Construction/Real Estate (3)
- Creative Economy (2)
- Medical (1)
- Agriculture (1)
- Retail (0)
- Financial Services (0)
- Law Enforcement/Government (0)
- Utilities (0)

Next Inquiry: March 17, 2008 Meeting

Develop questions for each sector or cluster that will be presenting.

- Focus on assets that support doing business in Vermont
- What are the challenges to succeeding as an enterprise in Vermont?
- What can the state do to support your business; your sector?

Report from the Legislative Session:

Universal Commercial Code (passed)

- Updated Chapter 1.
- Interstate commerce.
- Electronic business.
- Consistency in laws from state to state.

Corporate Law

- Electronic Corporations – can register within Vermont to get benefits.
- LC3 – low profit corporations, many foundations by law have to distribute 5% to non-profits, this would allow foundations to help launch LC3 (ex: specialty foods company) in the form of access to capital.

Energy Initiatives

- Stimulate renewable energies.

Health Care

- Catamount – make sure it works.
- Assist small businesses to provide health care.
- Lower costs.

Property Tax Relief

- Use of funds from lease of lottery being debated

Housing Bill

- Includes permitting relief.

Corrections

- More money spent than on higher education.
- Highest increase is in property and drug related crimes.

Public Comment

Janice St. Onge from the Vermont Sustainable Jobs Fund made note of the new publication – 10 year retrospective of the work of the Fund, with stories and case studies of entrepreneurs and innovators – available at their web site. Copies will be made available to the commission.

Announcements

February 12, CFED will be testifying in the legislature, starting at 2:30 pm in House Appropriations. All Commissioners are welcome to attend and encourages to be present if available.

February 26th starts Entrepreneurship week in Vermont – variety of events
Mary Niebling will provide schedule

ATTACHMENT

CFED

Commission on the Future of Economic Development for Vermont

To:	Commission Members
From:	Jay Kenlan, Chair
Subject:	Public Input/Public Outreach
Date:	February 1, 2008

Concern has been expressed by several Commission members and legislators that the Commission appears to have become overly focused on its own internal discussions and organization and has not included sufficient public outreach and input in its recent agendas and meetings. Not only is this perception one that the Commission should take seriously as it pursues its mission to develop an comprehensive, well informed economic development plan, as required under Act 184, it is of particular concern at this time as we seek to satisfy the legislature that the Commission is and will be a credible contributor to the state's economic development future and is worthy of continued funding.

Public participation and input has always been an important part of the Commission's mission. At our January meeting, in conjunction with our Report to the Legislature, we ratified the Public Engagement Process (Appendix H to the Report) that had been developed by Commission members as one of the keystones of our economic development planning process. In Appendix C of our Report to the Legislature we identified over 50 individuals, organizations, businesses and agencies that appeared before the Commission between October of 2006 and October of 2007 to provide technical input to the Commission on a variety of economic development sectors, policies and programs. Since October of 2007, the Commission has concentrated on developing a preliminary framework or matrix to guide more focused discussions of the components of, and policies around, the Vermont economy of today and the Vermont economy of the future. In the process of trying to get ourselves better organized to do the job assigned to us by the legislature, we may have inadvertently created the perception that we had left public input and participation out of our work plan and intended to proceed with our economic development planning without inviting further public input. Nothing could be further from the truth. I know that I feel (and I believe that every member of the Commission feels) that public participation and input are essential to the credibility and success of an economic development plan. In fact, without participation in and ownership of the economic development plan by the public and the stakeholders, I do not believe that the plan can be successful or effective.

To address the concerns that I have heard I have changed the agenda for Monday's meeting to include, at the beginning of the meeting, an opportunity for the Commission and members of the public to discuss, provide input on, and, hopefully, reach consensus around a renewed commitment by the Commission to include public input and public participation as integral parts of our economic development planning process.

I look forward to seeing you at the meeting on Monday

Jay Kenlan

ATTACHMENT

Commission on the Future of Economic Development

DISCUSSION QUESTIONS

Assigned to CFED 1-7-08

Responses from: Will Patten, Mary Linterman, Bill Botzow, David Mount, Mary Niebling, and a compilation of responses by Sam Matthews from the RDCs (last response under each question in italics)

1) DEFINE ‘THE VERMONT ECONOMY’ AS IT EXISTS TODAY AND IDENTIFY CURRENT ECONOMIC CONDITIONS AND EXTERNALITIES THAT INFLUENCE, OR ARE INFLUENCED BY, THE VERMONT ECONOMY

<p>What are the key components of today’s Vermont economy?</p>	<ul style="list-style-type: none">▪ A mix of small and relatively large employers with a reliable work force and work ethic.▪ Quality Workforce; Innovative Entrepreneurs; Vermont Brand – market niches; Infrastructure (broad definition...energy, utilities, transportation, housing, education, access to \$\$, telecomm, health care, etc); Proximity to large markets.▪ Health care; start-up entrepreneurship; recreation; manufacturing; agriculture, particularly dairy; high quality Vermont brand of agricultural products, forest products, crafts, arts, the “Vermont experience,” and other “hand made products;” non-profit sector; government.▪ Technology-electronics-software; Forestry/agriculture including production; Tourism; Service industries – profit and non-profit; Higher Education.▪ Light manufacturing; medical; government; tourism; and IBM.▪ <i>Diversity of economic sectors exists today and should continue into the future to provide sustainability</i>
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<p>Continued: What are the key components of today's Vermont economy?</p>	<p><i>and strength to the fabric of our economic development. Many regions contain manufacturing, healthcare, financial services, insurance, high-tech, agriculture, tourism and the specialty food sector.</i></p> <p><i>See accounting of Vermont's Labor Force by enterprise sector.</i></p> <p><i>The key enterprise sectors in our state's economy are the sectors that have the following attributes: They are dollar importing and goods and/or services exporting and have a value-adding component to their goods and/or services.</i></p> <p><i>Manufacturing in some regions, continues to be a strong economic driver particularly in the areas of machine skills and in forestry products. We also are seeing increases in tourism and value added Ag products as a growing sector.</i></p> <p><i>Bill Stegner of the Next Generation Commission characterizes Vermont economic sectors as: Agriculture, Tourism/Arts, Education/Healthcare, and Manufacturing with the understanding that we are over-invested in agriculture, under-appreciative of manufacturing and under-invested in tourism. While these are the major segments the functional image of the state's economy that appears to rule policy making is that of a rural state dependent on agriculture resulting in underinvestment in other sectors.</i></p>
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<p>What are Vermont's economic development strengths, and what are our points of strategic leverage?</p>	<ul style="list-style-type: none"> ▪ A reputation for authenticity and values that contrast with much that is wrong with the global economy. ▪ Quality Workforce; Innovative Entrepreneurs; Vermont Brand – market niches. ▪ Start-up entrepreneurship; rural way of life; perceived high quality of life; low corporate taxes; small town living; great recreational opportunities; educated workforce, accessibility of government, etc. ▪ Name and reputation; Workforce; Q of L including education and health care; Access to government; Higher Education. ▪ We have very few development strengths. Our passion and green reputation are a plus but they are
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<p>Continued: What are Vermont's economic development strengths, and what are our points of strategic leverage?</p>	<p>overcome by slow permits.</p> <ul style="list-style-type: none"> ▪ <i>Quality of life is one of the main attractors throughout Vermont. We also have a strong secondary educational system, which is a positive. Proximity to Canada for some regions and a strong north-south transportation interstate system are also valuable drawing cards.</i> <p><i>This is a very difficult question as much of the state's policy infrastructure seems aimed at setting very tight boundaries around development of any kind. It may be useful to point out that the policy battle that rage in Vermont over the cultural cost of development are mirrors of debates that rage in the international development community over impacting indigenous cultures by importing industrial activity that will increase incomes, improve quality of life, etc. Needless to say the stakes are far higher in Western Brazil and Africa than in Vermont.</i></p> <p><i>Our points of leverage are an intelligent, well trained and motivated workforce, satisfied employers, scale, easy access to New York and Boston, a growing stock of resident and non resident people 'from away' drawn by the rural cosmopolitan atmosphere and access to recreation. This is an under tapped and misunderstood resource.</i></p> <p><i>Our greatest strength is our workforce. To date, the business community has remained in Vermont, in large measure because of its dedicated, capable employees. That is why it is imperative that Vermont continues to invest in workforce development. Additionally, both workforce and management greatly value our quality of place. This includes varied recreational opportunities, and the natural resources and beauty that we are privileged to have surrounding us on a daily basis.</i></p> <p><i>In a competitive global economic market place Vermont's primary economic development strengths lie in two primary areas:</i></p> <p><i>Existing skilled workforce: The existing skilled workforce is the state's most valuable asset to our state's employers.</i></p> <p><i>Accessibility: To resources, people and decision makers is a strength as it enables companies to have access if they need it.</i></p> <p><i>Conversely, in the global economic marketplace Vermont has very few points of strategic leverage. Vermont's treatment of the Captive Insurance sector is about the only strategic economic sector focus</i></p>
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	<i>that the state has developed, maintained and sustained.</i>
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<p>What are Vermont's economic development weaknesses or challenges?</p>	<ul style="list-style-type: none"> ▪ Shallow presence in all sectors creating skinny workforce capacity. ▪ Limited resources; poor to average infrastructure (broad definition); fragmented government/structure. ▪ It can be cold; roads are bumpy and infrastructure is crumbling quickly; business leaders & some government leaders malign business climate and are negative about the state and doing business here; etc. ▪ Poor technology infrastructure; Slow + elaborate decision making processes; Access to capital; Housing and Workplaces; Workforce; Technology transfer; Higher Education. ▪ Permits, Location, Anti-business culture in legislature and non-profit sector. ▪ <i>Vermont has many economic development challenges:</i> <ul style="list-style-type: none"> – <i>Vermont leaders must recognize that our state needs to take proactive measures for our state to find a competitive niche in the global economic market place.</i> – <i>Vermont's taxes are high compared to other regions.</i> – <i>Vermont's overall cost of living is very high compared to other areas (housing, household necessities etc.)</i> – <i>State government does not appear to value the creation of economic opportunity as a primary benefit to strengthening our communities.</i> – <i>Our workforce is aging and will need to be reeducated, retrained to be skilled in a knowledge based economy.</i>
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Continued:
What are Vermont's
economic development
weaknesses or challenges?

Above all else we must be totally committed to providing the resources and initiatives that will continue to grow our economy. Although we talk about economic development, we have yet to fully address some of our basic weaknesses such as affordable housing, a complete and robust telecommunications infrastructure, and the design of a tax structure that attracts business. Our fierce independence that continues discrepancies and differences between communities prevents us from leveraging the strength of unified systems. We also must move a vision forward. For example, affordable post-secondary education for all our residents is currently a challenge.

Vermont is challenged by the high cost of doing business here. Health insurance, taxes, workers' compensation, high cost of utilities and the lack of numbers of workers are comments that we hear on a regular basis.

Demographics, demographics, demographics. We are losing workforce age people and we are importing people out of the workforce. This, as people know, is deadly. We are like much of Europe, lovely but unable to support ourselves.

A second challenge is the lack of even moderate alignment among various policy groups on goals. Vermont seems governed by a tacit shared vision that the most important issue is to keep Vermont the way it was so development is only tolerated if it is consistent with land use policy, community tolerance, etc and so forth. To put it more clearly; there is not clear agreement that development is a good thing. That is the debate that needs to be helped: what are we willing to tolerate and encourage in pursuit of economic health. Because we cannot agree on that we are condemned to do battle over every single transaction for proposed development wasting time and money.

A third challenge is the inverse of the scale benefit—we are too small to have much internal or external heft. Even if we commit large resources to a goal they simply aren't very large when compared with most other states. In this scale works against us. It costs a certain amount to have decent economic research, for instance, as it does to hire talent. Trying to scale either results in underperformance.

Finally, we have a peculiar weakness endemic to small scale entities—we refuse to accept our place in the world and want to be a complete 'little commonwealth' with a full suite of services, benefits, and policies. We are, after all, only slightly larger than Luxembourg, lost in the roster of states. As anyone who does strategy development knows the niche player has several challenges not the least of which is

	<p><i>developing a product that earns a higher price and margin to support the higher proportional fixed costs. Further, in setting that strategy one wants to set the competitive ground firmly on areas one can win—control the market. We have not done that; instead setting ourselves to cut new ground in policy like education and healthcare, that has brought us population that cannot perform. This is counter productive. Instead we should make our social and education policies congruent with our near neighbors so as to make the choice of location indifferent on those points, then create policies in narrow areas like entrepreneurship and higher education that draw those resources.</i></p>
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<p>In what areas or circumstances do Vermont's economy and economic development policy appear to be successful, and why?</p>	<ul style="list-style-type: none"> ▪ Scrambling to hang on to businesses that threaten to leave. Recent success with VTP and HiTecVermont. ▪ Workforce training (good & improving), a regional business advocate structure (currently RDC), VEGI-job incentives, VEDA? ...key to success is flexibility to tailor support to need. ▪ Start-up businesses seem to get started here and some become successful. There is a network of technical assistance providers, and many businesses find them. VT is a great state to demonstrate new innovative approaches, because it is small. ▪ Green Technology; Manufacturing; Value added agriculture; Specialty Foods; Tourism. ▪ We have had very few successes in the past 20 years. ▪ <i>Through establishment of proactive policies, the Captive Insurance industry is successfully recruited and retained. The VEPC Vermont Employment Growth Incentives, the programs of the Vermont Economic Development Authority and the Vermont Manufacturing Extension Center are also effective tools. For existing businesses Vermont also provides programs and services that help to retain and grow existing businesses but again, they are not coordinated within a well-defined system and are too often forced to compete against each other for funding sources.</i>
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	<p><i>The Captive Insurance industry is Vermont's most significant example of success in economic development policy. Vermont decided to become a global leader in this industry sector and then took active and sustained measures to build the economic sector, recruit employers, trained Vermonters to become valued employees in the sector.</i></p> <p><i>The other successful area in Vermont's economic policy is the organization of Vermont's economic development service structure. Vermont's value-added employers are primarily serviced at the regional level by nonprofit community based Regional Economic Development Corporations that are affiliated with the state's economic development programs and services.</i></p> <p><i>The VEGI Incentives and accessibility to policy makers are two major positives. VEDA also plays a key role.</i></p> <p><i>We are underinvested economic development research and strategy so nearly all programs are 'best guesses or traditional offerings. Research that has been done is tactical and problem focused rather than goal oriented; it may stem a given behavior but will not address underlying causes.</i></p>
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<p>Conversely, in what areas or circumstances do Vermont's economy and economic development policy appear to have been less successful or unsuccessful, and why?</p>	<ul style="list-style-type: none"> ▪ Jobs creation. A focus on recruitment and competition with surrounding states has left home-grown entrepreneurial opportunities under served. ▪ Bi-Polar views on economic development "supported" by fragmented government structure & no mechanism(s) for integrated, cross-agency planning. Allowing our infrastructure to not be as effective as it could be is resulting in devoting even more resources to simply supporting the infrastructure, instead of being able to improve it. ▪ Recruitment appears to be less of a successful strategy because VT is a small state with fewer resources to compete against larger states with more resources, and besides research suggests that recruitment as a strategy is a zero sum strategy anyway. ▪ Forestry-Wood Products. Have not been well-organized to compete with Canada. Losing small mills, forest workers, missing modern education opportunities. Little Dept. of ED support. ▪ Without fail to hold onto what we have.
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<p>Continued: Conversely, in what areas or circumstances do Vermont's economy and economic development policy appear to have been less successful or unsuccessful, and why?</p>	<ul style="list-style-type: none"> ▪ <i>Recruitment of new businesses has not been successful and probably will not be until there is a shared appreciation of the benefits of the creation of high value-added economic opportunities for Vermonters by policy makers. Vermont policy makers should really analyze the success that the state has experienced in developing the Captive Insurance industry sector in our state. Policy makers should also look to Ireland as model for reinventing its economy. Irish citizens have certainly been the beneficiaries of the policy changes and the ensuing economic benefits.</i> <p><i>Today, Vermont stands at the doorway of either economic disaster or economic opportunity. The window of opportunity is open for places that recognize opportunity and then take measures to earn it.</i></p> <p><i>The lack of a unified economic development plan has fractured our efforts. Every region of Vermont has a different emphasis on various industry sectors, however, a defined set of policies, can address those differences but unify the State around initiatives that are effective in moving Vermont forward and equipping it to face the challenges presented both nationally and globally.</i></p> <p><i>The incentives for moving a company to Vermont seem limited compared to benefits given by other states. We, of course, are always challenged by the perception that we are "off the beaten path." Though there has been some improvement, we are still challenged by the lack of strong telecommunications and high-speed internet capability.</i></p> <p><i>Because there is no effective consensus or alignment on economic health there is little effective policy. As noted every initiative in nearly every jurisdiction encounters resistance, suits, and argument because there is no settled policy. In some municipalities, Brattleboro for example, there is active resistance to business activity by the elected leadership causing local businesses to stay low, avoid risk and exposure and postpone expansion efforts. This is devastating. And there is no place to appeal because the state as a whole has a similar, though less aggressive, ambivalence on the point.</i></p>
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<p>What are the key public policies and values that affect, and are affected by, the Vermont</p>	<ul style="list-style-type: none"> ▪ Failure to invest in public infrastructure: communication, transportation, education. Success with protecting and nurturing Vermont's environment. ▪ 2-yr terms!...foster short term "sound bite" thinking; Bi-Polar views on economic development & what
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Vermont economy and our public policies and values?

outcomes we measure (ex income) are simply because that is what we can easily measure & it's not necessarily indicative of a persons ability to live/work in VT.

- # of jobs created/lost, unemployment rate, ~~average (sic)~~ median wage, livable wages, and taxes paid, etc.
- Dept. of Labor statistics, US Census, outside parties. Dept. of ED, ANR and others measure; Need concerted work towards a consistent agreed on and updatable Vermont set of measures.
- Mainly by the unemployment rate. The average wages are not presently a concern.
- *We should balance quality of place measurements with employment/wages and business creation measurements. Specific policies for economic vitality will also carry a set of measurements (such as the Captive Insurance Industry sector). Economic development is a combination of short-term and long-term goals and is frequently impacted by national and global events which make certain economic development activities challenging to quantify. We must better understand those variables in order to develop measurement standards.*

The best measure is job creation/employment retention and wages.

Measuring the outcomes of economic development is always a challenge. If a major effort is devoted to an infrastructure issue, (say the establishment of high-speed internet) you may not see any benefit from this for several years. Does that mean we should not be pushing for these developments? If a commercial park is established and does not see any significant activity for several years, does that mean it should not be pursued? Would we be better to establish state priorities, say concentration of job training, or value added products and then judge the activity that is achieved in those arenas? For example, let's say a region is particularly challenged by high energy prices. Say that we focus attention and resources on establishing co-generation facilities that help stabilize utility rates. I think at the end of the year measurable results could be judged by the activity in this particular field.

We do not measure economic health in a way that all can view benchmarks and know where we are. Instead we argue about the benchmarks, we tell stories and anecdotes, we surround ourselves with ideology, and have no hope of a grounded argument. There is an urgent need for concerted effort to create some indicators that have credibility and legitimacy. Balanced scorecards are a useful tool in

Continued:

How do we (or, do we) currently measure the outcomes of the Vermont economy and our public policies and values?

	<p><i>business, why can we not do something similar for the state? This would require a respected set of people who, working with adequate resources, develop data and interpretive tools that can lay a sound base beneath the inevitable political process.</i></p>
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2) DEVELOP A VISION OF THE VERMONT ECONOMY OF THE FUTURE, AND IDENTIFY ECONOMIC CONDITIONS AND EXTERNALITIES THAT WILL INFLUENCE, OR WILL BE INFLUENCED BY, THE VERMONT ECONOMY OF THE FUTURE

<p>What will be Vermont's the top strategic leverage points (sectors of current and future comparative advantage) where the investment of limited public resources or changes in public policies will make the greatest difference in achieving our goals?</p>	<ul style="list-style-type: none"> ▪ Ability to pioneer solutions to urgent infrastructure problems (health care, public transportation, child care, etc.). Ability to pioneer environmental actions that enhance our reputation as the greenest state. ▪ Quality Workforce; Innovative Entrepreneurs; Vermont Brand – market niches; -- we can best differentiate ourselves from others by HOW we think. Others can be closer to markets or have natural resources but if we encourage thinking smarter, we can be leaders in various industries & our competitors will be challenged on “copying our formula”. ▪ Government spending in transportation, education, health care & all fuels energy efficiency. Policies encouraging investments in alternative energy and the “green sector.” Investments in technical assistance for start-up and expansion businesses as well as capital for these businesses. ▪ Infrastructure; Health Care; Education. ▪ Promote the green and creative economies (but the effect will be limited); work to keep companies here and make permitting more efficient. ▪ <i>Knowledge based businesses and entrepreneurial ventures are Vermont's best opportunities for achieving high value-added employment opportunities for working Vermonters and their families.</i> <p><i>The most important prerequisite will be a unified consensus by Vermont government officials and policy makers to work together to create high value-added economic opportunities for the people of Vermont.</i></p> <p><i>Sustained commitment to a State Economic Development Policy will lead to consistent economic vitality. A unified plan held by both branches of our government must be achieved or we will continue a fractured approach.</i></p> <p><i>Job Training, considering changes in tax policy, investment in housing, establishing affordable health care,</i></p>
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<p>Continued: top strategic leverage points</p>	<p><i>workers compensation reform, and investment in new technologies will be of major importance.</i></p> <p><i>I have noted a number of issues in the first section but I would add that the single most important factor at this time is a sense of urgency in addressing economic health. There is not a lot of time before we are no longer competitive because we have become a haven for urban ex-patriots enjoying there assets, earned elsewhere, in our lovely countryside and resisting any economic development because it would impact their quality of life.</i></p>
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<p>What will be the key components of a realistic, attainable and sustainable Vermont economy of five years, ten years and 15 years from now?</p>	<ul style="list-style-type: none"> ▪ Vermont, as a bold social and environmental pioneer, will create the same level of energy and excitement that it did in the 60's and 70's, attracting young people to "the place where it's happening." ▪ Stable, reliable policies & infrastructure (broad definition) that yield us a balanced platform to launch our innovations. ▪ You want me to answer this in this little box? Recreation, tourism, local economy, plus competing in some areas (plus in the green sector in the global economy). ▪ Technology; Value Added AG + Forest products; Niche manufacturing; Service industries such as Captives. ▪ We will look much the same. Some new businesses will replace old but without reversing the aging of the workforce, we had better concentrate on training people to do geriatric care. ▪ <i>A unified economic development State policy reflective of the assets of each of our regions is a pre-requisite for an attainable and sustainable economy.</i> <p><i>Affordable housing, solid training programs, continued and increased investment in economic development programs, strong educational system, reasonable taxes, and the other issues mentioned in the previous</i></p>
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<p>Continued: What will be the key components of a realistic, attainable and sustainable Vermont economy of five years, ten years and 15 years from now?</p>	<p><i>answer.</i></p> <p><i>An educated and agile workforce; state regulatory policy, tax and economic policy that is stable, predictable and welcoming to the growth of economic opportunities for Vermonters.</i></p> <p><i>Affordable housing, solid training programs, continued and increased investment in economic development programs, strong educational system, reasonable taxes, and the other issues mentioned in the previous answer.</i></p> <p><i>Again, a sense of urgency to address bed-rock issues is imperative. The second is a substantial change of direction from the 'little commonwealth' approach to one that recognizes that we much fend for ourselves in the context of much larger entities. We do that by reducing differentiation on some point that produce negative results and emphasizing those that produce some advantage. Our particular area needs to take account of our fundamental differentiation of scale—there are some things we can do because of our size that other states simply cannot do. Figure out what those are and focus on them.</i></p>
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<p>Will Vermont's existing economic development strengths, policies and points of strategic leverage enable us to attain the Vermont economy of the future?</p>	<ul style="list-style-type: none"> ▪ With courage. ▪ No, it is a starting point from which to expand & unify. ▪ Some will, some won't. The negativity about our business climate has got to change. Obviously, we need to build upon our strengths, and figure out ways to solve/overcome our challenges/weaknesses. ▪ No. ▪ No. Development policies will kill us. E.g. – Blodget Owens needs to move. How long will the permits take here vs. anywhere else in the U.S. or the region. ▪ <i>Everything, including our economy is in a constant state of change. We need to embrace that change, and plan for it. That will require constant evaluation, refinement and commitment both in policy and finding.</i> <p><i>Not without continued and sustained investment.</i></p> <p><i>It is difficult to say. We certainly need to increase funding to economic service providers and invest</i></p>
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	<p><i>heavily in infrastructure.</i></p> <p><i>To be brief: no. There is no agreement on goals or outcomes, there is too much jockeying for political advantage, there is too little desire to be economically healthy. There are disagreements about what economic health means, and that is generally a good thing because it contributes to better policy.</i></p>
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<p>What components of Vermont's public policies that affect economic development currently work well and should be retained and reinforced to attain the Vermont economy of the future?</p>	<ul style="list-style-type: none"> ▪ Strict enforcement of environmental regulations. Strengthened commitment to the welfare of Vermonters. A willingness to distance and distinguish our state from the others. A pioneering spirit. ▪ Workforce training (good & improving), a regional business advocate structure (currently RDC), VEGI-job incentives, VEDA? ...key to success is flexibility to tailor support to need. ▪ Accessibility of government is a good one to build upon. Another one to build upon is the beauty of our environment and our desire to protect it. ▪ Telecomm authority; Bishca; Health care; Education; Act 250; Flood Plain Policy. ▪ Act 250 with modifications. ▪ <i>Vermont's Regional Development Corporations. Regional Planning Commissions. The Vermont Training Program and Workforce Development and Training programs. Energy efficiency investments. VHFA. The Captive Insurance program model. VSAC.</i> <p><i>Retain and expand tax incentive programs.</i></p> <p><i>This is a very difficult question to answer because the situation, the demographic challenge, is outside the scope of most of our policy. DED has launched a program aimed at this problem, but even if it is successful it will have limited impact on the scope of the challenge because the vision is insufficiently bold. And it is so for good and sufficient reason—limited resources, a difficult environment for innovation because of divided government, and a lack of knowledge about the problem because of both the previous reasons. Therefore proposed solutions are necessarily short of what is necessary to address the problem.</i></p>
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Policies and programs fall into two basic categories, retention and expansion and we need both. Aside from our existing state policies, we also need to support our regional initiatives.

What weaknesses or challenges currently exist in Vermont's public policies that affect economic development that will need to be addressed if we are to attain the Vermont economy of the future?

- Conservative economic policies that protect the status quo and avoid hard decisions. A political bias towards a minimized role for government.
- Bi-Polar views on economic development “supported” by fragmented gov’t structure & no mechanism(s) for integrated, cross-agency planning. Allowing our infrastructure to not be as effective as it could be is resulting in devoting even more resources to simply supporting the infrastructure, instead of being able to improve it.
- The negativity about our business climate is the chief one that has to change.
- Local permitting; Infrastructure; Leadership Development; Information portals and cross agency coordination—governmental structures; Marketing; Flood Plain policy.
- Permitting; tax increment financing, funding.
- *As I have mentioned before, a unified economic development plan and a commitment to the statement that economic vitality is the very underpinning of our quality of life in Vermont.*

Attitude. Vermont must forge a consensus that the creation of high value-added economic opportunities is vital to the wellbeing of our citizens and our communities.

Again, I have mentioned the key challenges above: demographics, the impact of scale on strategy, a desire to be a ‘little commonwealth’ complete with social innovation, and ambivalence about development. The current set of policies was developed in this context and will necessarily be incomplete and insufficient because there is no underlying agreement about economic health.

Time is of the essence as we are not the only state in the Union looking to gain a competitive advantage. We must be able to act quickly to gain the attention of emerging business sectors

What changes to existing public policies or initiatives, or new public policies or initiatives, will be necessary to attain the Vermont economy of the future?

- Government and business must work closely together to identify and achieve economic goals. Planning and investment decisions must be extended out several generations. The recent and excessive partisanship in Montpelier must be eradicated.
- 4 yr terms! Making Long-range Economic Planning THE top priority ... have the plan be the “continuity umbrella” for state policies-- linking the vision/mission/actions of all agencies under one. Structure the planning process so that it is perpetual, & hard to manipulate for politics. But, have a process that encourages broad input & continual modifications to the plan. Fund & staff it to an excess, as it is the BEST investment that the state can make! Hmmm...
- Getting our business leaders to buy into that Vermont is a great place to do business! Get the Vermont Chamber of Commerce to start doing an ad campaign on this!
- Diligent updating of current corporate law. Advancing green technology, renewable energy development. Adapting Vermont benchmarks and measures.
- The legislature and the non-profit sector need to be reeducated on the plus factors of a vibrant business community.
- *To understand our strengths, we need to codify the strengths of our regions and then develop a unified plan. Additionally, we need bold state policy decisions to capture new industry sectors successfully.*

Start looking at new sectors, such as alternative energy companies, value added Ag, more support for forest products industry, need more “captive insurance” success stories.

See the preceding discussion: a fundamental revamping of the shared view of economic health and a sense of urgency to address it in creative ways. We need innovation in research, strategy development, policy creation, political discussion, and execution.

12 Regional economic plans should be created that flow into a statewide economic plan and should be created in grass roots CEDS like process.