



Strategic Vision and Business Plan
for Job Creation and Economic Advancement

Governor James Douglas

January 2004



Agency of Commerce and Community Development



“Our State is growing stronger and our economy is improving. But for those Vermonters who still struggle to find work the recession continues and to them I pledge my continued resolve. I will not be satisfied until every Vermonter who wants a job has a job.

A good job is more than a paycheck. A good job fosters independence and discipline, and contributes to the health of the community. A good job is a means to provide for the health and welfare of your family, to own a home, and to save for retirement. And a good job is a source of dignity, hope and possibility for the future.”

Governor James Douglas, State of the State Address, January 6, 2004

Introduction

To accomplish the jobs and economic development goals clearly articulated by Governor Douglas, the Vermont Department of Economic Development has developed this dynamic and visionary Business Plan. The plan recognizes that there are short-term challenges that require immediate attention, and longer term objectives that will require our sustained efforts.

The Plan addresses all three legs of Vermont’s economic development stool -- Retention, Recruitment and Entrepreneurship. It presents a clear set of recommendations that invest the resources of the State in initiatives that will yield results in the form of increased productivity, competitiveness, and most importantly - quality jobs for Vermonters.



▲ Mike Quinn, Commissioner Economic Development
◀ Kevin Dorn, Secretary Agency of Commerce



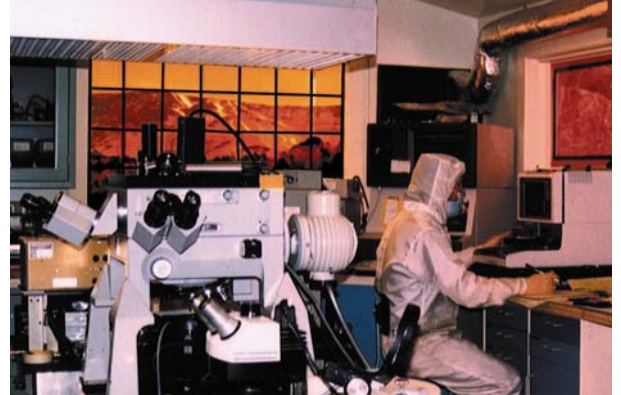
What Do We Seek to Achieve?

- We will increase the number and diversity of job opportunities available to Vermonters to cushion the economy from the impact of the unavoidable closure of one or more large employers or the demise of a key industry.
- We will improve the standard of living and quality of life for all Vermonters by increasing and improving the job opportunities available.
- We will build resources through a stronger economy that will support environmental protection, education, and cultural and social growth through strategic investments in programs.
- We will achieve geographic diversity in the employment base to spread higher quality jobs across the State and alleviate pressure on transportation resources.
- We will develop our educational and technological infrastructures to compete in the knowledge based economy. In the short-term, we will put resources into an aggressive retention and recruitment campaign with the goal of increasing median incomes of working Vermonters.
- We will assess and adapt our strategies based upon a relentless pursuit of information and forecasting on emerging economic trends looking out three, five, ten years and beyond. We must know what Vermonters will be doing in the future, where will they be doing it and what skills they will need to succeed.



How Will We Do It?

- We will use new and existing resources to effect business recruitment, retention and expansion strategies.
- We will expand our support of entrepreneurial business activity to leverage research and development in partnership with higher education and engage our youth by fostering excitement and a spirit of innovation to build strong Vermont-based businesses.
- We will diversify our job base through the recruitment and retention of businesses that are a good fit for our State. Vermont's strengths are in small and medium-sized businesses, however we will take a balanced approach and target larger businesses where appropriate. Recognize that about 10% of jobs in Vermont are provided by the top 100 corporations.
- We will develop and maintain a dynamic partnership with higher education that helps direct curriculum and job training in a direction consistent with the priorities of economic development so that we have a ready supply of workers to support the industries we are retaining, growing and recruiting.
- We will significantly expand our ability to promote and support international trade, particularly with Canada.
- We will leverage the well-identified assets of the Vermont brand to both retain existing brand dependent companies and attract new businesses on the strength of our brand.
- We will identify and target key clusters to strengthen existing companies and attract new companies as clusters develop.
- We will focus recruitment activity on knowledge-based industries that leverage existing R&D and innovation resources and encourage development of new resources.
- We will develop public policy to support and encourage business development and expansion throughout the State without threatening our renowned quality of life.
- We will assess and improve our infrastructure as necessary to give our Vermont businesses a competitive advantage in the global marketplace.
- We will support tourism as an important economic sector as well as leverage our strengths in this key constituency for expansion/relocation and recruitment strategies targeting second homeowners and business decision makers who visit Vermont.
- We will exploit our ability as a small state to be responsive and flexible to address the needs of business and the changing economic landscape.



Our Three-Legged Economic Development Stool



Retention

"All Vermont workers can gain comfort from knowing that as long as I am governor, not a single job will be forfeited due to a lack of interest from Montpelier. We will fight for each and every one."

Governor James Douglas, State of the State Address, January 6, 2004

DED will accelerate the governor's "Campaign to Retain" by supporting our existing customers, fostering job retention and organic job growth through helping existing businesses succeed, increase free cash flow and provide more, higher paying jobs. The vast majority of DED's current budget is directed toward retention.

DED's role in the "Campaign to Retain" includes:

Vermont Training Program (VTP) The VTP is a highly acclaimed, flexible and responsive program that addresses the job training needs of individual businesses delivering unique and highly customized training programs. VTP resources allow businesses to integrate new technologies and processes on the workplace floor on an almost immediate basis. VTP also conducts annual ISO 9000:2000 certification training and subsidizes the training programs of the Vermont Manufacturing Extension Center (see below).

In 2003, VTP leveraged state money with private sector dollars to provide training to 1,243 Vermont employees at 131 companies and 90% of appropriated funds go directly to training. The REMI economic model indicates that the program generates some \$1.3MM in net revenues to Vermont for a 2.5:1 return on investment. Vermonters who received the training averages 4% per year wage increases over the four-year measurement period. At present, demand exceeds supply by nearly 3:1.

Regional Development Corporation (RDC) The twelve Regional Development Corporations serve in a front-line capacity offering the closest contact with existing companies. RDC Staff understands the unique characteristics of their regions better than anyone. The RDCs partner with the State leveraging resources to support businesses in their area under stress or to exploit opportunities.



Government Marketing Assistance Program (GMAC) GMAC is a program co-funded by the Federal Government and run out of DED that supports efforts by Vermont businesses to market their products and services to all departments and agencies of the military and Federal government. GMAC provides invaluable service to Vermont businesses by helping to navigate the often times intimidating government contracting and procurement system.

Small Business Development Center (SBDC) The regionally based SBDC's support entrepreneurship and small business needs by providing nearby business consulting support on a range of issues from building a business plan to technological support to obtaining financing. Small businesses or startups looking for counseling and advice turn first to the SBDC in their neighborhood. In addition, high tech businesses and entrepreneurs receive hands-on assistance to acquire Small Business Innovation Research (SBIR) funding, commercialization and technology transfer help, and equity financing counseling.

Vermont World Trade Office (VWTO) The VWTO was designed to be a Public Private Partnership with a mission of supporting Vermont businesses in their efforts to identify and connect with international markets. The VWTO provides technical support to businesses, interfaces with various international trade components of federal government and supports international trade missions.

Vermont Manufacturing Extension Center (VMEC) VMEC provides a range of services to Vermont manufacturers of all sizes from supporting the development of sound business plans to identifying areas of opportunity or threat in the marketplace to training the company on lean manufacturing techniques. These services are highly regarded by Vermont manufacturers as they face competition in the marketplace from both US and internationally based manufacturing firms.

Permit Assistance DED supports Vermont businesses wishing to expand or companies looking to locate here with direct, hands-on assistance in obtaining necessary permits. DED staff interfaces with federal, State and local regulatory authorities in order to advise affected businesses on the permits they need to obtain and help them navigate the process.

Natural Resources DED has a full-time staff person that works with Vermont's wood, natural products and agricultural sectors to provide assistance in a wide range of areas. In addition, a memorandum of understanding between DED, the Departments of Agriculture, and Department of Forest, Parks and Recreation governs day-to-day coordination between these departments.



In addition to the activities cited above, that are partially funded by DED, other partners in economic development are the Vermont Economic Development Authority (VEDA) and the Vermont Economic Progress Council (VEPC).

Vermont Economic Development Authority (VEDA) VEDA acts as Vermont's financing authority for most economic development activities including agricultural finance. In addition to its direct lending programs, VEDA provides guarantees for loans and issues taxable and tax-exempt bonds. In its fiscal year ending June 30, 2003 VEDA was a participating lender in projects aggregating over \$122 million.

Vermont Economic Progress Council (VEPC) VEPC is an independent entity governed by a board of nine business people from across the state. VEPC has two primary functions; to underwrite and administer Vermont's economic advancement tax incentives program, and to develop a long-term economic plan. The tax incentives are predicated on job growth and capital investment and have as a primary condition that but for the granting of the tax incentives, the economic activity would either not take place or be significantly diminished. The grantee must achieve its approved benchmarks over time and have Vermont-taxable income in order to earn the award. Since its inception, VEPC has authorized \$94,016,472 million in incentives that are available for use between 1998 and 2014 of which \$28,428,491 has been earned and \$12,719,997 has been applied against tax liability between 1998 and 2002.

SWAT Teams of experts will be assembled to respond rapidly to businesses under stress or on the verge of closing their doors to work with those companies and bring resources to the table to enable a turn-around. Teams would be organized and ready to move on short notice.

Recruitment

"In addition, we must cultivate the next generation of manufacturing to help replace the thousands of old-line manufacturing jobs that have disappeared over the past several years."

Governor James Douglas, State of the State Address, January 6, 2004.

DED will utilize all available assets to support business relocation and expansion to Vermont and develop focused marketing packages that will reach industries/businesses in a geographic region bounded by a line from Richmond, VA to Pittsburgh to Toronto to Montreal to Portland, Maine. Opportunities outside of the target market area will be exploited as they arise but will not normally be the focus of the marketing effort.

The recruitment portion of DED's program is divided into two parts: 1) broad market awareness/general recruiting, and 2) identifying and leveraging industry clusters.



Part 1:

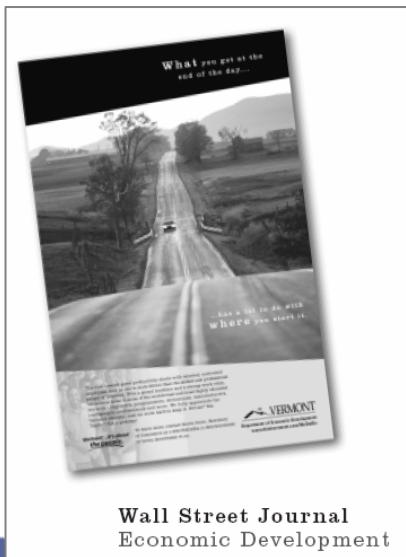
Broad Market Awareness/General Recruiting

Generally speaking the recruitment marketing campaign is focused on recruiting people – people who own or have leadership roles in companies. The campaign has been initiated through broad market awareness activities utilizing advertisements placed in publications read by decision makers in the target geographic area. The purpose of these ads is to establish that Vermont is not only open for business but has many attributes that industries will find desirable.

Although a part of the ad campaign is broadly directed, the bulk of the efforts and resources are directed at those people and their businesses that already have some connection to Vermont. We will follow the broad-based campaign with extremely targeted business-specific marketing activities that will leverage Vermont’s assets and direct them in a manner and at targets where we believe we have a higher probability of success.

Specifically, DED has undertaken or will initiate a variety of recruitment activities. The first steps in this effort have been completed or are in the late stages of completion.

Mass Media Print Advertising After testing three creative concepts. We chose an arrangement that acknowledges the branding research done by the O’Neil Group and leverages that brand using the identical design template used by the Department of Tourism and Marketing in largely the same geographic footprint. The core premise is that business people – owners and senior managers – harbor feelings and priorities similar to those who visit our State as tourists.



The first round of advertising is underway. We hit the entire Northeast with two Wall Street Journal ads in the fall and have placed an ad in a magazine directed at site selection professionals. Ad buys are scheduled for early first quarter 2004 in business and general interest publications.

The intent in this round is simply to make people aware of Vermont as a State that has an interest in recruiting business. Like all advertising, though, in order to be successful we will need a long-term effort with many multiple impressions to embed that thought in the minds of our target market.



CASE IN POINT: *In early October, DED participated in a recruitment event known as CoreNet, a trade show/conference directed at corporate real estate professionals, both in-house and consultants. At that event, an executive with a major site selection firm approached a Vermont representative and offered his business card stating that he didn't know we were interested in attracting businesses to the State.*

Collateral Publication Creative design is nearly complete on a high-end collateral piece that will be directed to active prospects. The overall piece is quite generic, focusing on broad areas of interest. However, the piece is designed so that industry and prospect-specific information can be added. Such as a CD containing relevant information and a personalized greeting from the governor.

Vermont Life Magazine We are working with Vermont Life Magazine to include a regular "doing business in Vermont" article. The first article will be on the furniture manufacturing industry and will appear in the spring edition. Also included in that edition will be one of our recruitment ads. The reader of Vermont Life has already expressed an interest in Vermont. The research indicates that outside Vermont the State is not considered – positively or negatively - as a place where one might operate a business.

Further, this edition will be the inaugural edition of subscriptions sent to key leaders of companies that are operating in Vermont and are headquartered elsewhere. The premise is to remind recipients that they are in Vermont, thank them for doing business here, and strengthen their identity as Vermont businesses.



More targeted recruitment activities are also being implemented, focused on people who have an existing connection to Vermont, i.e., they are already familiar with and presumably like the product. At the most personal level, strategies are directed at two sometimes-overlapping groups: people who have a higher-education connection and people who vacation here, principally those who own second homes.

Higher Education Partnership DED will establish partnerships with Vermont higher education institutions to tap into their alumni and board members who already have an affinity with the State. Special events, mailings and other forms of communication will be established with the objective of encouraging business expansion or relocation by these individuals to Vermont. Partners in this effort will be the individual institutions and the Vermont Higher Education Council.



In October, Middlebury College hosted a gathering of alumni and students' parents who are leaders in the financial services industry. This all day "white board" event, with Governor Douglas playing a key role, offered the opportunity for DED to learn about Vermont's strengths and weaknesses in one of our industry clusters. We were also able to encourage those leaders, most of whom live elsewhere, to consider expanding their relationship with Vermont by doing business from here. An outcome of the meeting has been an interest by one of the individuals in setting up an operation in the State. In addition, we will be examining the possibility of establishing a "financial services" incubator.

As a follow-up, we have had meetings with the Vermont Higher Education Council directed toward rolling this program format out with many of the State's colleges and universities.

Ski Area Partnership DED is developing complementary programs with the Vermont Ski Areas Association regarding member properties hosting recruitment receptions with business leaders who maintain homes in those communities. These receptions, which will likely include Governor Douglas, will range from the informal to full "white board" meetings. These forums will let these leaders know that we have an interest in what they think about doing business here. These programs will:

- Appeal to selected second homeowners who are known decision makers in businesses to either expand or move their business to Vermont.
- Invite selected business leaders to Vermont for a weekend get-away at a high quality property and while there, make an appeal/presentation on expanding or moving their business to Vermont.

The Ski areas will make various resources available including support in accessing second homeowners, ski/lodging packages, hosting social meetings with second homeowners and dinners/gatherings in small group settings.

A promotional electronic publication will be developed that will play on ski area local cable networks espousing the value of locating a business in Vermont. This piece will also be provided in guest rooms as a take-away.

DED will partner with the Vermont Ski Areas Association and various high quality properties around the State to accomplish this objective.



Site Location Consultant Program (SLCP) DED will develop and implement a program to reach out to site location consultants to familiarize them with the various assets Vermont has to support business expansion in the State. DED staff shall maintain contact with site location consultants by subscribing to various journals/publications and attending relevant trade shows and meetings. The Ski Area Partnership will be utilized to bring small groups of site location consultants to Vermont to learn more about what the State has to offer.

Captive Parent Recruitment DED will utilize the database of captives domiciled in Vermont to access parent companies to support a marketing effort designed to lure selected companies/organizations or expansions to Vermont.

“Buy and Bring” At any time there are many potential business owners in Vermont with few established businesses available to buy. DED will establish a study committee to see what role the State might play in identifying and supporting the purchase by Vermonters of out-of-State companies and bringing those businesses back to Vermont.

Ambassador Program One of Vermont’s greatest assets is our people. We will use the contacts and experience of the best and brightest Vermont business leaders to jointly recruit new companies with familiarization visits to Vermont, and where appropriate to travel outside the state to make one-on-one visits to learn more about companies that may offer an expansion or relocation opportunity.

Part 2: Identify and Leverage Industry Clusters

The well-established underpinnings of cluster development begin with identifying existing concentrations of like businesses already in Vermont and conducting analysis to determine the rationale behind their locating here. Should the clusters be present due to specific advantages we offer, a program will be developed to exploit those assets and lure other “birds of a feather” businesses to come to or expand in Vermont.

We have begun the first steps in identifying and evaluating industry clusters in Vermont with the idea of leveraging those clusters for broader, deeper economic development, particularly those clusters that present high multiplier jobs.



DED will conduct targeted recruitment activities based upon an identified cluster strategy utilizing print, radio and TV media as well as targeted direct mail, trade shows, familiarization tours, familiarization events, cluster events, site visits, outreach to site location consultants, trade missions, collateral material development, related research and database management.



Examples of clusters requiring analysis include, but are not limited to the following:

- Alternative Energy/Energy Conservation
- Environmental Products and Services
- Financial Services
- Health Care
- Higher education
- Information Technology
- Microelectronics
- Nanotech
- Natural Resources/Value added
- Optics
- Tourism

By way of example of how this strategy is being deployed, the University of Vermont recently hosted a meeting of Vermont leaders in the health care industry led by President Dan Fogel and Governor Douglas. The purpose of the meeting was to highlight the significance of this industry both as an employer (some 30,000 workers in the State) as well as the importance of a top-flight health care system in attracting and retaining quality workers and quality companies.

The next step will be to identify narrow segments of the health care industry where we have competitive cluster advantages and then develop a plan to identify and recruit businesses in those segments.

Similar events have also taken place in other industry sectors. Based upon this information, DED will be acquiring and building a database on businesses that would be likely candidates for recruitment targeting existing clusters in Vermont.





Entrepreneurship

"We will continue to invest in the skills and entrepreneurial spirit of Vermonters. They are the job creators, the workers, the thinkers, and the risk-takers."

Governor James Douglas, State of the State Address, January 6, 2004

DED will increase support of entrepreneurial activities. The areas of focus will include; 1) higher education and technology transfer from academic research to new business start-ups; 2) incubator environments with appropriate professional resources to assist early-stage businesses with the financial, market and other knowledge required to move from concept to reality; and 3) early-stage capital investments.

We view building an entrepreneurial infrastructure as a type of economic forestry. While the bulk of DED's efforts and focus are directed toward effecting a turnaround we cannot lose sight of the longer term economic vitality of Vermont. The State must have the vision and make investments that can be harvested years, even decades later.

Toward that end, fostering creativity and entrepreneurship in the State are key. As a result, DED is investing in a variety of incubation initiatives. Supporting that investment DED is developing a clear, focused approach to an incubation strategy grounded in higher education.

Some examples include:

Vermont Center for Emerging Technologies DED will work with UVM to support funding for the development of an incubator facility associated with UVM focused on spinning off technologies with a commercial application.



Bennington Micro-Technology Center (BMC) The BMC, planned for North Bennington, will supply state-of-the-art facilities including space, equipment and manufacturing expertise to firms and entrepreneurs wishing to test and manufacture high performance micro devices and machines.

An independent feasibility study was recently conducted indicating that the BMC can expect over 500 jobs to be generated in Vermont by this center within five years. The job creation will flow from startups, expansions, and recruited firms attracted to this facility's world-class expertise in microsystems development, testing, equipping and test manufacturing.

High Tech Incubator Opportunities Vermont will support the development of a full range of incubator facilities from early initial concept to production and graduation. Incentives will include grants, low interest loans, relationships with research institutions and general business services.

DED will support and manage strategic investments in incubator facilities guided by a newly established Vermont Incubator Investment Advisory Board. Criteria will be established to facilitate the application and consideration of State support for incubator operations.

DED will work to institute a policy that creates a common definition and understanding for incubator initiatives that the State can use as a filter to determine what State resources are warranted (i.e. CDBG, VEDA, Direct Appropriations).

DED will develop policy/legislation that ensures coordination among the various incubator initiatives Statewide and to brand incubation as a comprehensive economic development strategy for fostering innovation and entrepreneurship.

This coordination among the incubators shall include a policy indicating that any initiative receiving State support (financial or otherwise) will act in good faith to coordinate and collaborate efforts with other incubators to ensure efficient allocation of resources and maximize results.

DED will consider a hub/spoke model of incubation that will encourage the pooling of financial/human/common resources for incubator initiatives statewide. This could include the support of a formal Vermont Incubator Network for best practices, sharing of information/coordination and leveraging expertise and resources.



Entrepreneurial Education DED will work in conjunction with the Vermont Higher Education Council (VHEC) to support entrepreneurial education on the seed investing and commercialization process by developing a training curriculum and a network of expertise in such topics as:

- Partnering – with corporate partners, vendors, customers, higher education
- Accessing risk capital
- Design for manufacturability
- Identifying key markets
- Assembling a strong management team
- Developing an intellectual property strategy, etc.

This new approach is an expansion of the already robust support we offer to foster entrepreneurship and small business in the State. Real investments in the development of infrastructure and hard assets as well as support mechanisms need to be as flexible, versatile and as broadly accessible as reasonably possible. This means continued support for telecommunications enhancements. We will also diversify our investments among several emerging technologies or industries to mitigate against the inevitable failure of some initiatives.

These strategies, together with a top quality education system offer our citizens the opportunity to have the skills to be light on their economic feet and will provide for the best opportunity for long-term, natural, organic economic growth in our State.

OTHER INITIATIVES

Several initiatives beyond the scope of the three legs of Vermont’s economic stool are highlighted below.

Telecom Infrastructure

Broadband Initiatives Broadband access is essential for future economic growth and community development. The governor has established a goal that 90% of Vermonters will have access to affordable broadband services by 2007. To assist in achieving this goal wireless and broadband service providers would be eligible for a sales tax exemption on new equipment deployed in Vermont, under legislation currently pending before the General Assembly. We will also authorize the Department of Information and Innovation to assume the “anchor tenant” role for broadband aggregation projects in areas not served by broadband telecommunications services.



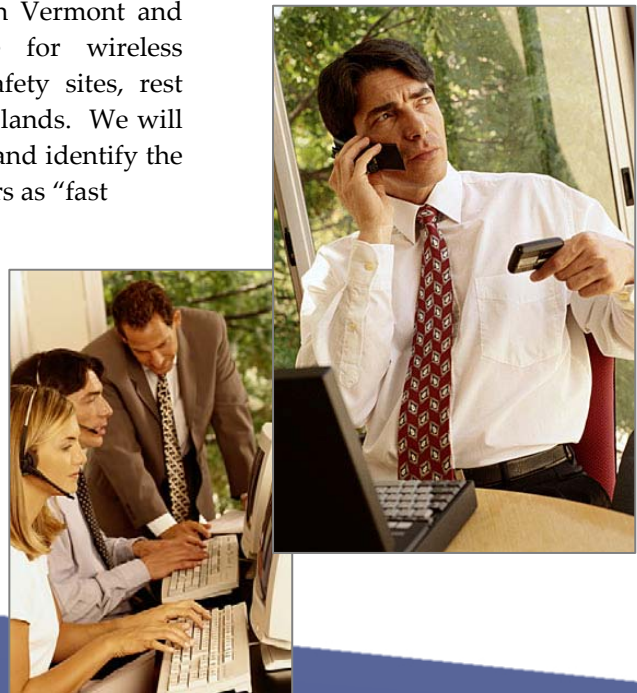
Wireless Voice Initiatives We will reinforce the importance of quality wireless service to Vermonters and the need to embrace wireless technology as a critical component of public safety and future broadband delivery to rural areas. The governor's goal is to achieve 100% handheld coverage on the major travel corridors by 2007 including the interstate system, as well as Routes 2, 4, 7 and 9. To assist in achieving this goal, wireless and broadband service providers would be eligible for a sales tax exemption on new equipment deployed in Vermont. We will also work toward streamlining the State's wireless siting process and encourage collocations on existing structures such as silos.

Community Demand Aggregation ACCD will work with the Vermont Rural Development Council and their program that assists underserved communities to organize and aggregate the demand from businesses and other users so as to attract new broadband services or service providers to the community.

Telecom The Agency of Commerce and Community Development (ACCD) will lead the statewide effort to expand telecommunications services and facilitate the Governor's Telecommunications Advisory Council. We will coordinate continuous dialogue with service providers and consumers in an effort to remain fully informed of challenges and opportunities where ACCD can provide support and/or direction.

ACCD will utilize the recently completed broadband assessment and survey as the focal point for our efforts to expand broadband services. These efforts will include broadband education and demand stimulation throughout the State by facilitating projects that accelerate affordable broadband deployments in rural areas. We will identify funding opportunities and engage providers and their potential broadband customers in understanding the applicability of the funding to their needs.

ACCD will take inventory of existing wireless sites in Vermont and identify all State owned sites that are suitable for wireless infrastructure. The assessment will include public safety sites, rest areas, transportation garages, State buildings and State lands. We will work with the respective departments to assess the list and identify the marketable sites; these sites will be marketed to providers as "fast track" siting locations. This inventory will also be posted on ACCD's web site as a resource for carriers, local zoning officials and District Environmental Commissions. ACCD is also working to educate all parties involved in the wireless siting process on the critical nature of this infrastructure for Vermont's economic future.



International Trade

Trade Missions The Governor, Lt. Governor, and Secretary of ACCD will lead regular trade missions to Quebec, Ontario and the Maritimes to support export opportunities and trade/supplier relationships with Canadian companies and to promote Vermont as a “Beachhead” location for Canadian business. In conjunction with the Vermont World Trade Office (VWTO), ACCD will arrange the details of the mission including transportation, translators and business meetings working in partnership with the US Department of Commerce and Canadian and provincial government partners.

Quebec Trade Consultant DED will assess opportunities for hiring a Montreal based business development consultant to support international trade efforts with Quebec.

Develop and Support New Educational Programs/Seminars,

Research and Data Collection DED/VWTO will provide classes and workshops to stimulate international trade education and global awareness in Vermont. The Vermont World Trade Office in conjunction with Champlain College have the capacity to improve international trade training and research, providing educational programs and resources on-line and personalized to individuals and companies statewide, resulting in higher participation in and understanding of international business, culture, and trade. We will provide the expertise and experienced practitioners to assist Vermont companies including one-on-one assessment services to assist in the development of international business plans or global business operations. Our goal is to develop high exporting skill levels in Vermont companies, thereby laying the foundation for their international market expansion.

Northern New England International Trade Partnership Vermont will test the interest in joining with New Hampshire and Maine to study the feasibility of joint International Trade Partnership seeking to maximize the efficiency of the individual States’ resources through collaboration.

Capital

Aggregation of Local/Regional Revolving Loan Fund Monies Research is ongoing regarding the size and number of local and regional revolving loan funds that exist around the State that are held by local and regional development corporations and others. These funds may be used to make loans to Vermont businesses. Many of these funds were originally capitalized by federal funds some of which were channeled through the State and it appears that many of these funds are not being actively used for business lending.



More research needs to be done to determine where these funds reside and the total amount available. A voluntary arrangement might be negotiated between the holders of these funds and the State for a portion of the funds to revolve back on a voluntary basis to the State to be used for active lending purposes. It must be determined whether legislation is necessary to accomplish this purpose. The loan funds may reside at VEDA or some other suitable place.

Expanded Contract Line of Credit Financing for Businesses Businesses may have an under-met need for working capital financing to fund the production of orders against specific contracts. VEDA's current programs do not allow the Authority to make low-interest direct loans to businesses for working capital purposes. VEDA, in conjunction with DED, is exploring ways in which VEDA may be able to help meet this potential demand for loan funds.

Venture Capital DED will organize a program to familiarize venture capitalists in the greater Northeast region regarding opportunities and the changing business environment in Vermont. We will invite venture capitalists to Vermont for small group briefings using the Ski Areas Partnership or related programs.

Smart Growth

Vermont Opportunity Centers A collaborative process among various stakeholders has been established to develop comprehensive growth center legislation. Incentives will be directed into growth centers in a way that encourages commercial, industrial and residential growth to occur in such areas to be designated by local communities. The collaborative will report its findings to the Governor.

Green Mountain Zones The Opportunity Center Collaborative will also establish the framework for Green Mountain Zones, which are designed to help Vermont compete with neighboring States that provide very significant tax, access to capital and permitting benefits for redevelopment in certain sites.

Information Management

Trend Analysis DED will work with higher education resources and volunteer advisory panels to develop insights into trends affecting Vermont business. This will be an ongoing and dynamic process designed to identify areas of opportunity in industry as well as areas of stress.

Exit Interviews Whenever possible DED will conduct exit interviews with companies that have chosen to leave Vermont in order to fully understand the factors that are influencing decisions to leave or shut down.



Green Mountain Fund ACCD will work with associations, individual businesses and Vermonters to establish a not-for-profit organization dedicated to raising private funds to support long-term economic development initiatives and direction.

Workforce Training Task Force The Governor will appoint a Blue Ribbon Task Force to assess how workforce training resources are being utilized and the most effective means of integrating all workforce programs to achieve desired and measurable outcomes.

Quarterly Newsletter ACCD will support DED in the development of a quarterly e-newsletter that will go out to businesses within and outside of Vermont to inform them of changes in law, regulation or policy and to alert them to opportunity.

Contact Management An upgraded contact management system is currently being implemented which will track key data on companies including contact information, important statistical information, etc. While the contact management system will be maintained at DED the State's "on the ground" representation with incumbent businesses remains centered in each of the Regional Development Corporations.



Funding For Economic Development

In FY04, the administration requested an additional \$865,000 to the department's FY03 appropriation. The legislature approved the base increase to the Vermont Training Program of \$435,000 as well as \$200,000 for general economic development activities. FY04 one-time funding included \$150,000 for the Governor's telecommunications initiative and additional one-time recruitment funding of \$20,000.

In FY05, in his *Jobs for the 21st Century*, the Governor emphasized the three strategies of retention, recruiting, and entrepreneurship to further economic development in the State of Vermont. A majority of this will be accomplished with the current budget base in the Department of Economic Development. However, the Governor also recognizes that additional resources are needed in priority areas to most effectively strengthen Vermont's economy. The additional funding requests for FY05 will be allocated as follows:

\$300,000	Increase grants for the Vermont Training Program
\$50,000	Operating costs for the Governor's telecommunications initiative
\$125,000	Grants for Statewide incubator projects
\$200,000	Three new classified positions for increased retention and recruitment activity
\$50,000	International Center for Captive Insurance Startup
\$200,000	Additional recruitment activity
\$925,000	TOTAL INCREASE REQUESTED



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