Presentation to the Commission on the Future of Economic Development

October 24th, 2006
Where Are We Now?

Vermont Rankings:

<table>
<thead>
<tr>
<th>Category</th>
<th>Figures</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population&lt;sup&gt;1&lt;/sup&gt;</td>
<td>623,050</td>
<td>49&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Unemployment Rate&lt;sup&gt;2&lt;/sup&gt;</td>
<td>3.7%</td>
<td>16&lt;sup&gt;th&lt;/sup&gt;  lowest</td>
</tr>
<tr>
<td>Poverty Rate&lt;sup&gt;3&lt;/sup&gt;</td>
<td>11.5%</td>
<td>19&lt;sup&gt;th&lt;/sup&gt;  lowest</td>
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<tr>
<td>Median Household Income&lt;sup&gt;3&lt;/sup&gt;</td>
<td>$45,686</td>
<td>23&lt;sup&gt;rd&lt;/sup&gt;  highest</td>
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<tr>
<td>Workforce</td>
<td>366,200</td>
<td>47&lt;sup&gt;th&lt;/sup&gt;</td>
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</tbody>
</table>

Sources:
1: US Census
2: August '06, US Department of Labor
3: U.S. Census Bureau, 2005 American Community Survey

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Where Are We Now?

Vermont Per Person Income (% of US Total) 1929 – 2005

Calendar Year

% of US Total:

- 1929: 90.3%
- 1940: 86.7%
- 1950: 76.5%
- 1960: 84.3%
- 1970: 88.5%
- 1975: 84.2%
- 1982: 86.5%
- 1990: 91.8%
- 2001: 94.7%
- 2005: 96.4%
Where Are We Now?

Vermont Average Wage (% of US Total) 1983 – 2005

% of US Total:

- 1983: 83.1%
- 1985: 83.1%
- 1990: 87.0%
- 1995: 84.3%
- 2001: 82.3%
- 2002: 83.8%
- 2003: 84.2%
- 2004: 83.6%
- 2005: 84.1%

Calendar Year
### Unemployment Rate Comparison – Vermont, New England, US: August 2006

<table>
<thead>
<tr>
<th>Location</th>
<th>Aug 2006</th>
<th>Jul 2006</th>
<th>Aug 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vermont</td>
<td>3.7%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>New England</td>
<td>4.6%</td>
<td>4.6%</td>
<td>4.7%</td>
</tr>
<tr>
<td>United States</td>
<td>4.7%</td>
<td>4.8%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Vermont vs. NE (Percent Points)</td>
<td>-0.9</td>
<td>-1.1</td>
<td>-1.2</td>
</tr>
<tr>
<td>Vermont vs. US (Percent Points)</td>
<td>-1.0</td>
<td>-1.3</td>
<td>-1.4</td>
</tr>
</tbody>
</table>

Source: US Department of Labor

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
## Where Are We Now?

### Vermont’s Year-Over-Year Job Change Rank by Selected NAICS* Sector

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Total Private and Public Sector Jobs</td>
<td>34th (VT)</td>
<td>1st</td>
<td>34th</td>
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<tr>
<td>Total Private Industries:</td>
<td>33rd (VT)</td>
<td>1st</td>
<td>33rd</td>
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<tr>
<td>Construction</td>
<td>16th (NH)</td>
<td>3rd</td>
<td>22nd</td>
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<tr>
<td>Manufacturing</td>
<td>28th (CT)</td>
<td>2nd</td>
<td>31st</td>
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<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>29th (VT)</td>
<td>1st</td>
<td>29th</td>
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<tr>
<td>Financial Activities</td>
<td>2nd (RI)</td>
<td>4th</td>
<td>36th</td>
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<td>Professional &amp; Business Services</td>
<td>23rd (ME)</td>
<td>2nd</td>
<td>26th</td>
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<td>Education &amp; Healthcare</td>
<td>19th (NH)</td>
<td>2nd</td>
<td>35th</td>
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<td>Leisure &amp; Hospitality</td>
<td>27th (CT)</td>
<td>3rd</td>
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<tr>
<td>Government</td>
<td>23rd (CT)</td>
<td>3rd</td>
<td>41st</td>
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* North American Industry Classification System

Source: US Department of Labor, Prepared by: Economic & Policy Resources

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Where Are We Now?

Calendar Year Forecast Comparison: United States, New England, and Vermont (May 2006 NEEP Forecast)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006(^2)</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td><strong>Real Output (% change)</strong></td>
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<tr>
<td>US Gross Domestic Product</td>
<td>0.8</td>
<td>1.6</td>
<td>2.7</td>
<td>4.2</td>
<td>3.5</td>
<td>3.5</td>
<td>3.0</td>
<td>3.0</td>
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<tr>
<td>NE Gross Domestic Product</td>
<td>1.0</td>
<td>0.0</td>
<td>2.6</td>
<td>4.6</td>
<td>3.9</td>
<td>2.2</td>
<td>2.9</td>
<td>3.3</td>
<td>3.6</td>
<td>3.4</td>
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<tr>
<td>Vermont Gross State Product</td>
<td>3.9</td>
<td>2.2</td>
<td>4.3</td>
<td>4.6</td>
<td>3.3</td>
<td>2.8</td>
<td>2.9</td>
<td>3.2</td>
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<tr>
<td>Vermont Gross State Product (2000 $B)</td>
<td>$18.3</td>
<td>$18.7</td>
<td>$19.6</td>
<td>$20.5</td>
<td>$21.1</td>
<td>$21.7</td>
<td>$22.3</td>
<td>$23.1</td>
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<td>$24.6</td>
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<td><strong>Non-Farm Payroll Jobs (% change)</strong></td>
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<tr>
<td>US</td>
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<td>-1.1</td>
<td>-0.3</td>
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<td>1.5</td>
<td>1.9</td>
<td>1.2</td>
<td>1.0</td>
<td>1.4</td>
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<tr>
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<td>-1.1</td>
<td>0.3</td>
<td>0.6</td>
<td>1.0</td>
<td>0.9</td>
<td>0.6</td>
<td>0.9</td>
<td>0.9</td>
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<tr>
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<td>-0.1</td>
<td>1.3</td>
<td>0.8</td>
<td>1.2</td>
<td>1.2</td>
<td>0.8</td>
<td>1.1</td>
<td>0.9</td>
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<td><strong>Personal Income (% Change, 2000 $)</strong></td>
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<tr>
<td>US</td>
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<tr>
<td>New England</td>
<td>1.9</td>
<td>-0.7</td>
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<td>3.5</td>
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<td>1.7</td>
<td>2.1</td>
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<td>1.7</td>
<td>1.5</td>
<td>1.9</td>
<td>2.2</td>
<td>2.0</td>
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<td><strong>Unemployment (Percent)</strong></td>
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<tr>
<td>US</td>
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<td>Vermont</td>
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<td>3.5</td>
<td>3.6</td>
<td>3.5</td>
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<td>3.3</td>
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</tbody>
</table>

1: New England Economic Partnership
2: 2005 variables are estimated and subject to further revision, and 2006 through 2010 values in this table reflect projected data as of May 2006.
Agency of Commerce and Community Development – Quick Facts

- ACCD budget in FY07: $32,533,998 or roughly 0.008% of state’s $4.2 billion combined fund budget
- 104 FTEs
- Roughly 70 part-time staff, many seasonal Historic Sites personnel
- Comprised of:
  - Department of Economic Development (DED)
  - Department of Tourism & Marketing (VDTM)
  - Department of Housing & Community Affairs (DHCA)
  - Division For Historic Preservation (DHP)
  - Vermont Life Magazine
Agency Of Commerce and Community Development

Grant Programs

VT Sustainable Jobs Fund (GF) $250,000
VT Council on Rural Development (GF) $50,000
First Stop (Mobile Home Assist) (GF) $60,000
FEMA (FF) $200,000
HOME Investment Partnership (FF) $193,000
Permanent Housing (FF) $0
Certified Local Government (FF) $48,066
Community Development Block Grant (FF) $7,446,530
Regional Block Grants (SF) $823,369
Municipal Assistance (SF) $1,000
Mobile Home Park (SF) $0
DT Transportation & Cap Imp Fund (SF) $760,000
Regional Block Grants $1,040,742
Job Start (GF) $197,965
Eco Dev Council of No VT (GF) $24,881
Small Business Dev Center (GF) $340,610
Job Development Zones (GF) $1,046,789
VT Training Program (GF) $180,000
VT Film Commission (GF) $301,000
VT Convention and Visitors Bureau (GF) $56,000
UVM Data Center (GF) $100,000
Matching Grants (GF) $30,000
VT Ski Areas Association (GF) $2,881,792

Administration Total: $300,000
Economic Development: $3,137,138
Tourism & Marketing Total: $467,000
Housing & Community Affairs Total: $12,413,757
Department of Economic Development

- Budget: $6.4 million in FY07
- 19 FTEs
- Comprised of:
  - Retention & Expansion Program
  - Government Marketing Assistance Center (GMAC)
  - Vermont Training Program
  - Permitting Assistance Program
  - Natural Products & Resources Program
  - Recruitment Program
  - Captive Insurance/Financial Services Office
  - Vermont Global Trade Partnership
- Also houses:
  - Vermont Economic Progress Council
  - U.S. Department of Commerce Export Center
Operates ThinkVermont.Com Website

- One-stop shopping for economic development resources
- Provides access to all DED programs and sites, as well as links to partners
- Hosts state bid matching system for both business to business and government contracts
- New on-line business registry in testing phases and expected to go live soon
How We Invest the Resources
Goals:

- 80 percent of human and financial resources redirected at retention activities and support for entrepreneurs (currently approximately 90 percent)
- 20 percent of human and financial resources are directed toward recruitment activities (currently approximately 10 percent)
Fundamental Strategies

Keep & Grow Vermont’s Companies

- Remember – our best customer is the one we already have. This includes our youngest companies that may just be getting started but have real potential to grow and become key contributors in Vermont’s 21st century economy
  - Recognize and support the knowledge and innovation drivers in the economy
  - Support Vermont’s value-added manufacturing industries
  - Encourage diversification between and among industries
  - Encourage innovation between and among industries
  - Build public-private partnerships to support a common economic development objective
  - Create partnerships with higher education
Our companies are being targeted by other states. Vermont cannot ignore opportunities to recruit firms to relocate or expand into the state where such a move would be mutually beneficial

- Team with ski areas, college alumni, native Vermonters and Vermont’s existing businesses to reach prospective customers
- Avoid industries where we are clearly non-competitive
- Leverage off of and update Vermont’s legacy industries
- Use “supply chain” development to both attract new companies and make our existing businesses more competitive
This is not an either/or, or chicken/egg proposition. The literature on economic development points out that we must attract new companies and talent.

To keep our existing companies growing and thriving, they need fresh talent, helping them execute their strategies and bringing new ones to carry Vermont’s companies into the future.

In addition, existing workers must have their skills upgraded or acquire new skills to adapt to changes in the economy.

- Create partnerships with higher education
- Governor’s Inter-agency Workforce Development Committee – focus efforts
Focusing Resources

- Support our key economic drivers – key clusters
  - Legacy industries including dairy, specialty foods, wood products, and other natural products
  - Environmental products and services
  - Captive and financial services
  - Tech industries to include microelectronics, software design, animation, optics and biotechnology
  - Engineering
  - Aerospace/Aviation

- Recognize the enormous role of health care and education in our economy - both as employers and because quality, affordable health care and highly educated workforce are competitive necessities for economic development - and support these sectors wherever and whenever possible
  - Lean “Manufacturing” in the hospitals
  - Partnerships with higher education

- Recognize the critical importance of tourism to our economy and market, market and market some more
The “Sweet Spot” for Vermont Enterprises

- $5 million to $50 million in Annual Revenues
- 20 to 200 Employees
- Generally, One-day Drive Time Market
- Build on Identified Key Clusters
Government Marketing Assistance Center (GMAC)

- Three full time employees; assists Vermont business sell to federal, state and local government as well as to prime contractors.
- Bidmatch Service
- Government Market Research
- Military Specifications & Standards
- Small Business Innovation Research (SBIR)
- Qualifications for federal contract preference programs
Government Marketing Assistance Center (GMAC)

- Vermont Business Registry on-line resource
- Networking opportunities with federal, state and government prime contractors
- 225 full service clients, 1500 Vermont bid board clients and over 15,000 Vermont businesses listed on the Registry
- Assisted in the award of $63,138,012 worth in over 429 contracts to Vermont companies
- Won a National Award for Best Project of the Year by the Association of Procurement Technical Centers for GMAC’s National Guard Partnership Project
Companies that have landed business as a result of GMAC matchmaking conferences include:

- Duelmark Aerospace of Jeffersonville, VT
- General Dynamics of Burlington, VT
- Stephens Precision of Bradford, VT
- PCM Contracting of Springfield, VT
- Goodrich Aerospace of Vergennes, VT
Vermont Training Program (VTP)

- One full-time employee; supports business expansion; creation and retention of good-paying jobs
- Offers companies new employee training; upgrade training and crossover training for existing workers
- Individually designed training programs may include on-the-job; classroom; skill upgrade; or other specialized training

<table>
<thead>
<tr>
<th>Year</th>
<th>Trainees Served</th>
<th>Companies Served</th>
<th>Expenditures</th>
<th>Cost Per</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'05</td>
<td>2443</td>
<td>230</td>
<td>$1,230,606</td>
<td>$504</td>
</tr>
<tr>
<td>FY'04</td>
<td>1684</td>
<td>153</td>
<td>770,295</td>
<td>457</td>
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<tr>
<td>FY'03</td>
<td>1243</td>
<td>131</td>
<td>663,685</td>
<td>534</td>
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<tr>
<td>FY'02</td>
<td>1664</td>
<td>160</td>
<td>854,108</td>
<td>513</td>
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</tbody>
</table>
Vermont Training Program (VTP)

- The Vermont Training Program nets $1.3 million to State tax revenues. ($3.2 in total fiscal benefits minus $1.9 million in fiscal costs, including direct program costs)

- Every dollar invested yields $2.52 in revenues to the economy

- Each job averages a four percent increase in wages per year over the four-year impact assessment period
VTP Success Story

Dealer.Com of Burlington, VT

- Thirty-three unemployed/underemployed students received an eight week course for Account Managers & Software Developers
- Two of the three classes are completed with twenty-one full-time employed, averaging $30,000 – $50,000 per year with full benefits package
- The final class of twelve graduated in late August with guaranteed full-time employment, wages and benefits equal to the two previous classes
Permitting Assistance/ Ombudsman Program

- One full-time employee; counsels all-sized businesses on permit process strategy; interprets environmental statutes and regulations and acts as the State's permitting facilitator for business expansions, re-locations or new building.

- Provides mediation services between/among businesses having critical permitting problems and the applicable permit administrator or authority.

- Interprets & informs on applicable statutes and regulations.

- Recommends and advocates for improvements in environmental permitting, and proposed policy and/or legislative changes in statute or interpretation.
Permitting Assistance Program

- Facilitates the development and operation of inter-agency cooperative partnerships to better address the needs of business as chair of the Vermont Environmental Assistance Partnership (VEAP)

- Implements the “Vermont Brownfields Initiative” through project development and the coordination of the Agency’s Brownfields Revolving Loan Fund

- Improves businesses access to capital through encouraging interaction/networking between and among entrepreneurs and business investors ("angels") and other sources of equity capital
Permitting Assistance Program

Rock-Tenn of Sheldon Springs, VT

- As a result of last year’s hurricanes, Rock-Tenn was severely impacted by the increased cost for the fuel required to burn under their Vermont air pollution permit.

- This put them at a competitive disadvantage to other corporate facilities and raised concerns for the future of the plant and their 150 employees.

- By successfully negotiating some changes for a permit renewal the company was able to change fuel sources and avoid significant financial losses.
Natural Products & Resources

- One full time employee promotes and supports the natural products industry in Vermont, particularly long-term development of value-added natural products
- Provides technical assistance to businesses in the primary and secondary wood industries, as well as marble, granite, slate and calcium carbonate producers
Ethan Allen Furniture of Burlington, VT

- Helped secure tax credits; technical and financial assistance implementing Lean Manufacturing and other training; helped host communities with eliminating inventory taxes and lowering other local tax burdens

- Worked with Vermont Community Development Program, State of New Hampshire and others to secure $850,000 in grants – equally split between Vermont and New Hampshire – to install an energy saving and thereby cost reducing cogeneration system in Beecher Falls

- Company decision to close two manufacturing facilities did not impact Vermont; workers here to be retrained to be part of new work force to handle additional work that will be moved to the plants at Orleans and Beecher Falls
Retention & Expansion Program

- Four full-time geographically-assigned employees promote business retention, encourage business expansion, and provide rapid support to communities and businesses in need.
- Act as direct liaisons to DED for the business community.
- Team with Regional Development Corporations in a Business Visitation Program to maintain proactive relationships with businesses.
Recruitment

- One full-time employee provides customized and confidential assistance to out-of-state companies that are interested in expanding or relocating to Vermont.
- Large and small businesses assisted with site location, finance options, training programs, tax incentives, and a variety of other resources.
- Coordinates in-state site visits & serves as a liaison with other state offices.
- Employs strategies to reach out to likely populations, including alumni & parents; second home owners; and former Vermonters.
Captive Insurance/Financial Services Program

- Recruits new companies to domicile captive insurance business in Vermont and/or set up financial service offices here
- Supports captive insurance industry in legislative and government relations capacity
- Acts as liaison with Vermont Department of Banking, Securities, Health Care Administration (BISHCA), which regulates captive insurance/financial industry
- Maintains relations with captive insurance/financial service industry in Vermont for retention purposes
- The captive insurance industry now generates in excess of $22 million in tax revenues to the state annually
In an economic impact report for tax year 2003, the captive insurance industry accounted for 1,429 full and part-time jobs, with an average salary for a full-time employee of $52,179, a full 62% higher than the state average.

These high paying jobs accounted for $62.4 million in incremental income for Vermonters.

<table>
<thead>
<tr>
<th>Year</th>
<th>New Captives</th>
<th>Total Captives</th>
<th>Premium Taxes</th>
<th>Licenses &amp; Fees</th>
<th>Gross Written Premium</th>
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<td>29</td>
<td>489</td>
<td>11,005,160</td>
<td>753,843</td>
<td>4,600,143,787</td>
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<td>2001</td>
<td>38</td>
<td>527</td>
<td>11,772,950</td>
<td>946,885</td>
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<td>2002</td>
<td>70</td>
<td>597</td>
<td>12,668,920</td>
<td>1,051,460</td>
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<td>77</td>
<td>674</td>
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<td>754</td>
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## Financial Services Industry Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Payroll in Millions</th>
<th>Number of Companies</th>
<th>Job Totals</th>
<th>Net Jobs per Year</th>
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<td>1996</td>
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<td>1997</td>
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<td>103.9</td>
<td>167</td>
<td>1142</td>
<td>0</td>
<td>+330</td>
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</tbody>
</table>
The Financial Services sector employed more than 1,100 and nearly $104 million in payroll for Vermonters in 2004.

The $90,969 average wage in the Financial Services Sector makes this industry one of the highest paying sectors in the Vermont Economy.

Over the past 8 years, a total of 330 total jobs have been added in this sector, corresponding to a +4.4% average annual rate of job increase, which was more than double the annual average rate of gain for the nation.

The industry makes an important economic and fiscal contribution to the State of Vermont, including an estimated 2,775 (rounded) direct and indirect jobs, $168.2 million in additional personal income, and $106.6 million in incremental personal consumption expenditures.

The net fiscal impact (including all benefits and associated costs) totals $8.7 million (rounded) in combined General Fund, Transportation Fund, and Education Fund resources in 2004—including 2004 actual credit costs.
Financial Services Success Story

Church Pension Group of Bennington, VT

- As a direct result of our efforts, the Church Pension Group, one of our existing captives moved significant insurance operation from New York City to Bennington, Vermont
- This move created 25 new high paying jobs for Vermonters
Vermont Global Trade Partnership

- Two full-time employees assist Vermont businesses in researching new markets and reviewing trade regulations, tariffs and logistics assisting both exporters and importers.

- Partners include: Champlain College; Export Legal Assistance Network; Lake Champlain Regional Chamber of Commerce; Small Business Administration; United States Commercial Service, Vermont Chamber of Commerce; Vermont’s Congressional delegation; Marlboro College.

- Organizes trade missions and supports participation in overseas trade shows.

- Provides educational programs designed to educate Vermont business executives through the use of experts from industry, government, and academia, on topics of importance to businesses.

- The VGTP website, www.thinkvermont.com/globaltrade hosts the World Trade Reference On-Line; an on-line resource with 42 databases that are vital to doing business internationally. This resource is used as a training tool for VGTP clients and is made available at no cost to Vermont businesses.

- Maintains an internship program for college/university students hosted at Champlain College – training the future business leaders of Vermont.
Since March of 2005, the VGTP has organized and sponsored 19 educational and outreach programs with its partners, serving over 350 participants from throughout Vermont.

Since March of 2005, the VGTP has completed over 240 market research and technical assistance requests for Vermont businesses and start-ups.

Vermont's export shipments of merchandise in 2005 totaled $4.2 billion, and exports of merchandise increased 50% from 2001 – 2005, the 12th largest percentage increase among the 50 states.

Vermont’s exports grew by nearly $1 billion dollars from 2004 – 2005.

Overseen by Director of International Trade.
Vermont Global Trade Partnership

- Manufactured goods make up 98% of Vermont's exports.
- Approximately 16.9 thousand jobs in Vermont are supported by exports; this number does not include jobs involved in the export of non-manufactured goods, such as farm products, minerals, and services sold to foreign buyers.
- Vermont is #1 in the nation in terms of exports as a percentage of GSP.
- Export-supported jobs account for an estimated 18.6 percent, nearly one-fifth, of Vermont's total private-sector employment.
- More than one-third (38.4 percent) of all manufacturing workers in Vermont depend on exports for their jobs. (2001 data)
- A total of 1,113 companies exported goods from Vermont locations in 2004. Of those, 918 (82.5 percent) were small and medium-sized enterprises with fewer than 500 employees.
Vermont Global Trade Success Story

**Triosyn of Williston, VT**

- The VGTP identified potential distributors in 19 international markets and provided detailed information on product standards & certification requirements in each market for the company’s anti-microbial face masks.

- Triosyn wrote orders while in the State of Vermont booth at BIO 2006, an international biotechnology and medical device trade show in Chicago, and is already committed to participating in next year’s BIO event as well as the VGTP’s November 2006 booth at the MEDICA trade show in Dusseldorf, Germany.

- Triosyn is currently undergoing an expansion of its Williston facility and will shift all manufacturing production to this Vermont facility, creating 15 new high-tech manufacturing jobs.
Vermont Department of Tourism and Marketing

- Budget: $4.3 million in FY07
- 13 FTEs
- Houses Vermont Life Magazine and Vermont Film Commission
- Acts as the primary coordinating entity in the state for promotion and marketing of the state as a vacation and recreation destination in conjunction with regional and statewide marketing organizations
- Makes leveraged promotional investments with private sector partners in northeastern U.S. and eastern Canadian media markets to promote the Vermont brand
- Informs and supports the state’s travel and recreation industry on state and federal legislative issues that impact the industry
Vermont Department of Tourism and Marketing

- Conducts research to better understand the constantly evolving demands of visitors so that the state’s marketing efforts and those of the private industry are appropriately targeted and present a meaningful message to the state’s target markets.

- Cooperates with industry participants – from ski resorts and campgrounds to agricultural and manufacturing establishments – to increase the importation of visitor spending by “exporting” the state’s goods and services to those visitors.

- Promotes Vermont’s strong brand identity including travel, recreation and cultural attractions, as well as the state’s goods and services to a global audience, in coordination with public and private sector members for the economic benefit of all Vermonters.
Visitor Spending Impacts of the Vermont Economy

- In calendar year 2003, there were a total of 12.8 million person trips to Vermont.

- Those visitors – including both day and overnight visitors – spent $1.462 billion, or an average of $114.26 per visitor.

- Visitor spending in calendar 2003 was responsible for the creation-retention of 36,470 full-time and part-time jobs in Vermont or 1 of every 10 jobs (10.0%) in the Vermont economy.

- Visitor spending in calendar year 2003 generated an additional $933 million in personal income for the Vermont economy, improving the standard of living of thousands of Vermont families and households.

* 2003 Benchmark Study

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Visitor Spending Impacts of the Vermont Economy*

- The 20,019 jobs affected by visitor spending in Vermont in 2003 ranked the industry as 4th largest of the state’s 17 major industry sectors—trailing only Retail Trade, Health Care and Social Assistance, and Durable Goods Manufacturing in terms of industry prominence.

- In calendar year 2003, visitor spending generated an estimated $181.7 million in state revenues, with an estimated $167.4 million (or 92.1%) of that revenue total generated by out-of-state visitors.

- A 2005 survey of industry workers conducted by the VDTM shows that workers in the industry have a high degree of job satisfaction and enjoy their work.

* 2003 Benchmark Study

(44) "Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Visitor Spending Success Story

Online Vermont Travel Planner

- Responding to the rapid growth in the use of the Internet for vacation planning, the VDTM has progressively expanded the information resources available to the consumer through the Vermont Travel Planner database at VermontVacation.com.

- The Travel Planner was launched in September 2000 with a searchable lodging database, and the expanded resources now include attractions, restaurants, outdoor recreation, integrated vacation packages, and most recently, an itinerary planning feature.

- The comprehensive resources now available have greatly accelerated consumer use of the site during 2006.

* 2003 Benchmark Study

( 45 ) "Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Department of Housing and Community Affairs

Programs With Economic Development Components

- Vermont Community Development Program
- Vermont Downtown Program
- Division of Historic Preservation’s grant programs
Vermont Community Development Program

- Administers federal Community Development Block Grants of approximately $8 million annually, used principally to benefit persons of low and moderate income
- Projects include housing, commercial, and mixed use development and assistance on commercial and industrial projects for job creation
- VCDP funds expended in the past 10 years totaled $66,242,794, which leveraged $172,507,114 in other resources; 66,341 Vermonters were assisted, of which 52,253 were of low and moderate income
VCDP Economic Development Success Story

VCDP Success Story

- Closed Gilman Paper Company factory in Lunenburg brought back to life in a joint-venture with the State of New Hampshire CDBG Program as Dirigo Paper Company

- Loan of $500,000 through VCDP to Dirigo Paper Company leveraged $3 million for the committed creation of 33 jobs, ultimately resulted in 54 newly created jobs
VCDP Housing and Development Success Story

Winooski Downtown Redevelopment Project

- Winooski Falls Riverfront Redevelopment funded by Section 108 loan guarantee through HUD of $24.5 million that leveraged over $170 million at full build-out
- Revitalized City of Winooski and surrounding region through construction of new Vermont Student Assistance Corporation facility; student housing for UVM and St. Michael’s College; retail and office space; and 213 units of affordable housing, market rate housing, and high-end condos
Vermont Downtown Program

- Two FTE’s; overseen by appointed Downtown Development Board
- Provides technical and grant assistance to designated downtowns and village centers for planning, development, and revitalization of historic structures
- Offers increased access to other state and federal resources through designation process designed to promote traditional development and prevent sprawl
- Responsible for implementing new Vermont Growth Center law
Downtown Program Success Story

- Recently awarded more than $1.5 million in tax credits to 14 communities to support the redevelopment of older and historic buildings.
The Vermont Economic Progress Council is an independent council of nine Vermont citizens appointed by the governor.

The Council authorizes tax incentives through the new Vermont Employment Growth Incentive program (Formerly Economic Advancement Tax Incentive Program) for companies that meet statutory requirements.

Companies must be adding new jobs in Vermont and must show that they would not expand in Vermont or locate to Vermont without the incentive.
Economic Advancement Tax Incentive Program (EATI)

- Provides an incentive, through tax reductions, to help recruit new companies to Vermont and encourage Vermont companies to grow.
- Offers income tax credits, sales and use tax exemptions, and education tax stabilization to companies that add new full-time jobs and make investments in Vermont.
- Also allows municipalities to retain incremental education taxes to help pay for certain infrastructure required to encourage businesses to grow.
Economic Advancement Tax Incentive Program (EATI)

- Requires pre-approval by the Vermont Economic Progress Council to determine:
  - If economic activity would not occur or would occur in a significantly different and significantly less desirable manner without the incentive (But For). If so, the state is giving up a portion of what it would never have received.
  - If the economic activity will generate more new revenue for the state than is foregone.
  - If the company and economic activity meet a set of “quality control” guidelines.

- Once approved, the economic activity must occur before the company can reduce their income tax liability by claiming credits earned through investments in new payroll, capital investment, research and development, or workforce training and education.

- Credits can be disallowed and/or recaptured if a company does not meet performance expectations or there is a substantial reduction in employment.
EATI Program Results

- Since 1998 VEPC has considered 233 applications
- As of June 2006, there are 150 applications with an incentive value of $108 million that are active or complete, as follows:

<table>
<thead>
<tr>
<th>Applications</th>
<th>Incentive Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax Credits</td>
<td>$89.0 million</td>
</tr>
<tr>
<td>Sales &amp; Use Exemptions</td>
<td>$9.0</td>
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<tr>
<td>Education Tax Incentives</td>
<td>$10.0</td>
</tr>
</tbody>
</table>

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
EATI Program Results

- Credit activity between 1998 and 2004 (latest data available):

<table>
<thead>
<tr>
<th>Credit Activity</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax Credits Available To Be Earned</td>
<td>$62.0 million</td>
</tr>
<tr>
<td>Income Tax Credits Earned</td>
<td>$37.0</td>
</tr>
<tr>
<td>Income Tax Credits Applied To Reduce Tax</td>
<td>$18.5</td>
</tr>
<tr>
<td>Income Tax Credits In Carry Forward</td>
<td>$14.6</td>
</tr>
<tr>
<td>Income Tax Credits Identified For Recapture Or Disallowance</td>
<td>$5.7</td>
</tr>
</tbody>
</table>
EATI Program Results

- Economic activity since 1998 due to EATI program:

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jobs Created</td>
<td>1646 jobs</td>
</tr>
<tr>
<td>Estimated Employees Retained</td>
<td>10,248 employees</td>
</tr>
<tr>
<td>Estimated Average Annual Compensation (Wages &amp; Benefits)</td>
<td>$45,185 per year</td>
</tr>
<tr>
<td>New Payroll Created</td>
<td>$161.0 million</td>
</tr>
<tr>
<td>New Investments</td>
<td>$425.7 million</td>
</tr>
</tbody>
</table>
EATI Program Participant Profile

**Company Size**

- 0 – 50 employees: 50.0%
- 51 – 100: 16.3%
- 101 – 201: 17.1%
- 201 – 500: 12.2%
- 501+: 4.1%

**Recruitment vs. Retention/Expansion**

- Recruitment: 17.0%
- Retention / Expansion: 83.0%

**Vermont-HQ’d vs. Not Vermont-HQ’d**

- Vermont-Based: 68.0%
- Not Vermont-Based: 32.0%

**Expansion Types**

- Construction of New Facility: 14.0%
- Acquisition and Reuse of Existing Facility: 27.0%
- Expansion of Current Facility: 35.0%
- Renovation or No Facility Expansion: 24.0%
Recruiting Success Story

Program helped recruit companies such as:

- Sentient Technologies
- Ringmaster Software
- Husky
- Bernstein Displays
Success Stories – *Retain & Incent Growth*

**Small and Medium-Sized Companies:**
- King Arthur Flour, Norwich
- Hubbardton Forge, Castleton
- Rhino Foods, Burlington
- Champlain Chocolate Company, Burlington
- Dealer Dot Com, Burlington
- IDX, So Burlington
- Vermed, Bellows Falls
- Autumn Harp, Bristol
- T. Copeland Furniture, Bradford
- Microdata GIS, St Johnsbury
- Green Mountain Coffee, Waterbury
- Bennington Iron Works, Bennington

**Large, Multi-State Employers:**
- General Dynamics, Burlington
- Energizer Battery, St Albans
- Lydal Thermal Acoustical, St Johnsbury
- Mylan Labs, St Albans
- NSK Steering, Bennington
- Agrimark, Middlebury

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Manufacturing Success Stories

Program helped reopen and/or restart closed plants, such as:

- Lucille Farms, Swanton
- Vermont Plywood (formerly Chesapeake Plywood), Hancock
- Tubbs, Brandon
- Gilman paper plant
- PBM (formerly Wyeth), Georgia
Vermont Employment Growth Incentive (VEGI)

- Replacement of the EATI program with the new streamlined Vermont Employment Growth Incentive (VEGI) program results in enhanced accountability and simplicity
- Requires applicants to create jobs before incentive can be claimed and pays incentive in cash rather than as tax credit
- Expands opportunities for smaller companies, especially start ups, to take advantage of program
Vermont Economic Development Authority

- Provides a wide range of low-cost lending and loan guarantee programs for businesses of all sizes and types, including agricultural; non-profit development corporations; and municipal governments

- VEDA has helped thousands of Vermont businesses start, expand and create jobs in Vermont during its 32-year tenure, and has made financing commitments totaling over $1.2 billion to commercial, industrial, agricultural and travel and tourism enterprises in that time

- VEDA Job Start Program

- Micro enterprise lending program is designed to help develop self-employment opportunities for low- and moderate-income Vermonters
VEDA 2006 Accomplishments

- Approved 235 loans, guarantees, or revenue bonds totaling $113.4 million
- 73 commercial financings totaling $94.4 million which will result in the creation or retention of an estimated 799 jobs over the next three years
  - **Manufacturing:** 28 projects totaling $17.6 million affecting 441 jobs with an average wage of $19.84/hour
  - **Travel and Tourism:** 12 projects totaling $6.9 million affecting 127 jobs with an average wage of $16.94/hour
  - **Personal and Corporate Services** (retirement facilities, schools and other business services): 14 projects totaling $62 million affecting 43 jobs with an average wage of $24.36/hour
  - **Wholesale/Retail Trade/Other:** 19 projects totaling $7.9 million affecting 188 jobs with an average wage of $32.02/hour
VEDA 2006 Accomplishments

- Average estimated hourly wage of those jobs (with benefits) was $22.49, up from $19.64 in 2005
- These financings, loans, and guarantees served to leverage $59 million in additional resources
Regional Development Corporations

- Addison County Regional Dev. Corp.
- Bennington County Industrial Corp
- Brattleboro Dev. Credit Corp.
- Central Vermont Regional Dev. Corp.
- Franklin County Industrial Dev. Corp.
- Greater Burlington Industrial Corp.
- Green Mountain Economic Dev. Corp.
- Lake Champlain Islands Chamber of Commerce
- Lamoille Economic Dev. Corp.
- Rutland Economic Dev. Corp.
- Springfield Regional Dev. Corp.
Regional Development Corporations

- Twelve Regional Development Corporations across Vermont providing technical/financial assistance to businesses in their regions
- RDCs work closely in partnership with DED to deliver services or make referrals, and many administer local revolving loan funds
- Local point of contact is essential for both business & DED to build trust and foster long-term relationships
- 464 community, municipal and business leaders serve as volunteer RDC board members
- 167 Municipalities provided financial support and 97% renewed annual support
Regional Development Corporations

- Undertake long term local projects for infrastructure to support new and growing businesses, e.g. financing new business parks; building the infrastructure; and working with downtown development projects
- Operate business parks, incubator buildings, and other facilities currently housing 148 employers
- Provide office space and office staff to support Vermont SBDC counselors in every RDC office; provide space and handouts for their Start Your Own Business classes
- Perform local strategic planning (including CEDS) and try to link together town priorities into a regional whole; also offer seminars of interest to local business people
2006 Accomplishments

- Served 1,313 small businesses and directly impacted 6,869 local jobs
- Impacted $134 million in capital investment in local communities
- Initiated 515 referrals into State Agencies for assistance and information
- Average state grant amount per job impacted is $162 per Vermonter
- 231 programs, events and activities were conducted with other economic development partners
Workforce Development Division

- Comprehensive employment and training organization receives state funding for the registered Apprenticeship Program and the Workforce Education & Training Fund (WETF) in addition to large percentage of federal funding in FY 05

- First response unit when a community loses jobs and partners with the Department for Children and Families (DCF), Vocational Rehabilitation, Corrections, Department of Education, Department of Economic Development, and others

- Administers tax credits, apprenticeships, on-the-job training programs, full complement of employment services for DCF clients; youth programs; training programs for dislocated workers; and many other programs designed to serve discrete populations of Vermonters such as those with disabilities and offenders re-entering the world of work in FY 05
Workforce Investment Act (WIA) Programs Administered

- Youth Programs focus primarily on serving out-of-school youth (1 Program Administrator, 8 Field Staff) – Total Served: 494 in FY 05

- Adult Programs primarily serve individuals who need to address significant issues before they can enter or re-enter the workforce (1 Program Administrator, 6 Field Staff)

- Dislocated Worker Programs offers individuals, who have lost their jobs due to a major layoff or plant closure, the resources necessary to find a good paying replacement job (1 Program Administrator, 8 Field Staff) – Total Served for Adult & Dislocated Worker Programs: 467 in FY 05
Work Opportunity Tax Credit (WOTC)

- Federal income tax credit that encourages employers to hire from nine targeted groups of job seekers.
- Can reduce employer Federal income tax liability as much as $2,400 per new hire.
- Helps job seekers most in need of employment gain on-the-job experience and move towards economic self-sufficiency.
Vermont Registered Apprenticeship Program

- VDOL registers apprentices, approves their related instruction, and in many cases arranges for or provides the 144 hours of required annual instruction.

- Monitors OJT hours; maintains records of attendance and grades, and award completion certificates; ensures required compensation; responsible for contracting with more than sixty instructors in the plumbing, electrical, utility line maintenance, and tramway maintenance trades.

- Currently more than 850 apprentices registered in approximately 30 occupations; two largest trades are electrical and plumbing; average wages for individuals who completed apprenticeship in 2006 exceeds $40,000.
Other Department of Labor Programs

- **On-the-Job Training (OJT):** Employers provide greater-than-usual supervision and are reimbursed for the employee’s non-productive time, in addition to other extraordinary costs associated with bringing the trainee to the first stages of productivity.

- **The Trade Adjustment Assistance (TAA) Program:** Federal program assists workers who lose their jobs or whose hours of work and wages are reduced as a result of increased imports through training, job search and relocation allowances, income support and other reemployment services.

- **Navigator Program:** Assists people with disabilities to access the various programs that affect their ability to gain, return to, or retain employment through partnerships and outreach.

- **Vermont Job Link:** Free web-based job match and workplace information services provide employers with ability to post job openings, search resumes for qualified employees, and get assistance in listing job openings.
Other Department of Labor Programs

- **Reach Up Program**: Partnership with Department for Children and Families provides employment services statewide, to Reach Up participants and non-exempt Food Stamp recipients.

- **Workforce Education and Training Fund (WETF)**: Provides resources for education and training of Vermont workers. Eligible recipients are Vermont training providers in partnership with one or more Vermont employers, to train unemployed Vermonters for new jobs, or incumbent workers for job advancement.

- **Alien Certification Program**: DOL processes applications submitted by employers to bring foreign workers into Vermont, insuring that employers explore every source for domestic workers before issuing a certificate that will allow INS to bring foreign workers into the Vermont workplace.
Other Department of Labor Programs

- Wagner-Peyser Act: Provides basic funding for delivery of employment services in the local Resource Centers, including matching jobseekers and employers; career guidance; resume preparation; and employer consultation. **Number individuals served:** 14,000. **Number employers served:** 1,900 in FY 05

- Local Veterans Employment Representatives/Disabled Veterans Outreach Program: Ensures priority in employment services to veterans in each regional office, as well as providing direct service to Veterans. DVOP’s perform outreach to disabled Veterans through part-time out-stationing in veterans’ organizations and provide direct services to Veterans

- External Grants Programs: Competitive grants received and/or earmarks awarded provide services for targeted individuals or training in special content areas. Examples include offender re-entry programs, transition services for high school aged youth with disabilities, IT certificates and health care training. Numbers served since 2002 exceed 4,000 adults and youth. Additional services involve sectoral analyses
Formerly Human Resource Investment Council

- Established by Executive Order in 1993, and in state and federal legislation in 1996, the council serves at the State's Workforce Investment Board under the Federal Workforce Investment Act
- Appointed by the Governor, VWDC is a business majority council with members representing all sectors of the economy and all geographic regions of the State; top officials from State agencies and higher education institutions; representatives of labor and the low income community; and representatives of the Senate and House
- Ensure that Vermonters have the skills they need to get and keep good jobs, and that Vermont employers have the skilled workers they need to compete successfully in a rapidly changing world economy
Vermont Workforce Development Council

Formerly Human Resource Investment Council

- Advises the Governor and legislature on the development and implementation of a comprehensive, flexible and responsive workforce education and training system

- The VWDC establishes Regional Workforce Investment Boards (WIBs), twelve regional volunteer boards that work closely with employers, schools, colleges and community organizations to maximize the effectiveness of the State’s workforce education and training investments
Agency of Agriculture

- Supports branding of Vermont agricultural products through Vermont Seal of Quality and Market Vermont programs
- Assists Vermont producers through Buy Local program; regional and national marketing campaigns; and export programs coordinated with the Vermont Global Trade Partnership
- Provides business planning & technical assistance – *over $1 million to date* – to farmers through the Vermont Farm Viability Program to improve business practices
- Helps keep farmland affordable through Farmland Conservation Program, while also enhancing efforts to reduce agricultural runoff pollution
Agency of Agriculture

- Assists new farmers exhibiting strong entrepreneurial traits through recently started New Farmer Venture Network
- Agricultural business and industry counseling provide through Agricultural Development Division
- Milk Quality Enhancement Program (MQEP) conducts direct outreach to farmers and works with other stakeholders to improve milk quality
- Provides assistance to small ruminant farmers operating water buffalo, goat and sheep dairies; to dairy farmers transitioning to organic production; and to meat processors
Agency of Agriculture

- Advises farmers on new technologies to improve operations
- Cooperates with Department of Economic Development and others on promoting dairy industry through the Vermont Dairy Task Force and researching markets for various products
- Assisting Vermont Food Venture Center to help develop packaging and processing facilities to promote value-added food and processing firms
- Dairy Ombudsman provides one-stop clearinghouse for information relating to dairy issues
$55.3 million for paving, which is a $15.3 million (38%) increase over FY2006. A total of 227 miles of paving improvements are in the process of being completed.

$70.2 million for bridges, which is an increase of $18.5 million (36%) over FY2006. The budget funds construction on 48 bridges and numerous culverts, which represents an increase of 20 bridges.

$73.3 million for roadway, which is an increase of $19.6 million (37%) over FY2006. Projects include: Bennington Bypass; Morristown Alternate Truck Route; Burlington Southern Connector; reconstruction of US5 in Hartford, Kennedy Drive in South Burlington and US7 in Burlington, Shelburne, South Burlington, Pittsford and Brandon.

$2.2 million for park and ride facilities, which is an increase of $240,000 (12%) over FY2006. There are 14 new facilities in various stages of development that will create about 740 new spaces, nearly doubling the number of existing spaces.
$6.6 million for bicycle and pedestrian facilities, which is an increase of $4.0 million (153%) over FY2006. This funds construction of approximately 14.61 miles that includes 17 bicycle and pedestrian (bike/ped) projects.

$4.3 million for enhancements, which is an increase of $1.7 million (69%) over FY2006. There are total 68 projects including sidewalks and pedestrian improvements, scenic easements, and adaptive reuse of historic bridges.

$3.4 million for rest areas, which is an increase of $2.4 million (246%) over FY2006. The increase will fund preliminary engineering for a welcome center in Bennington and construction of a sewer alternative for the Hartford rest areas.

$60.4 million for maintenance, which is an increase of $5.5 million (10%) over FY2006. The increase reflects an increased emphasis on preventive maintenance programs for culverts and bridges.
$11.4 million for aviation, which is an increase of $2.1 million (22%) over FY2006. Highlights include improvements to paved runways and safety areas, hazard beacon improvements and hanger development.

$22.1 million for rail, which is an increase of $11.6 million (110%) over FY2006. This will continue the upgrade of existing rail operations to the 286,000-pound standard. Includes $4.9 million of the $44.5 million in federal earmark funds for rail infrastructure investments over the next 5 years to support economic growth.

$66.0 million for town highway programs, which is an increase of $11.1 million (20%) over FY2006. This budget funds construction for 28 town highway bridges, an increase of 11 bridges (65%) over FY2006.
# FY06 Infrastructure-Related Spending

<table>
<thead>
<tr>
<th>Item</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadway Projects (includes Paving &amp; Rest Areas)</td>
<td>$92.0 million</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$55.1</td>
</tr>
<tr>
<td>Enhancements, Bike &amp; Ped. Paths, Park &amp; Ride Lots</td>
<td>$7.2</td>
</tr>
<tr>
<td>Interstate and State Bridge Projects</td>
<td>$25.5</td>
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<tr>
<td>Town Bridge Projects</td>
<td>$15.8</td>
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<tr>
<td>Town Highway Programs</td>
<td>$34.7</td>
</tr>
<tr>
<td>Aviation Program</td>
<td>$11.7</td>
</tr>
<tr>
<td>Rail Program</td>
<td>$8.3</td>
</tr>
<tr>
<td>Vehicle Fleet &amp; Buildings</td>
<td>$15.6</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$265.8 million</strong></td>
</tr>
</tbody>
</table>
Incubator Space

Bennington Microtechnology Center
- Pilot production facility offering microtechnology incubation services in partnership with the University of Texas at Arlington

Southern Windsor Incubator Building
- Planning and development underway for sustainable business incubation space in Springfield in partnership with Springfield Regional Development Corporation

Vermont Center for Emerging Technologies
- Provides selected early-stage businesses incubator space and services in order to support technology-based small companies, and promote university and industry technology transfer and commercialization. Affiliated with the University of Vermont

Other Incubator Spaces
- Vermont Tech Business Resource Center and Technology Incubator; Irasville Business Park in Waitsfield (private); Diamond Edge Technology Incubator (DETI), a joint project of the Windsor Improvement Corporation (WIC), and Seldon Laboratories; Springfield Sustainable Technology Business Incubator; Marlboro College Technology Center; National Center for the Study of Counter-Terrorism and CyberCrime
Telecommunication Infrastructure

Municipal Telecom Grants

› These grants are administered to municipalities for the purpose of establishing or upgrading high speed internet access for communities

Northlink Project

› This project aims to bring high speed internet access to a number of communities in the six northern counties of Vermont

ConnectVermont Initiative

› Partnership with VTrans to develop and install fiber-optic backbone along Interstates 89, 91 and 189, supporting systems that enhance public safety through increased situational awareness, emergency response, and telecommunications coverage

› Secondary benefits include development of a network infrastructure capable of supporting current and future ITS requirements; increased incident management capability; reduced annual maintenance and leased telecommunications facilities costs; enhanced traveler convenience through increased wireless network coverage for voice and data; and a possible network route, enabling private telecommunications providers to access areas of the state with limited or no high speed network availability
Telecommunication Infrastructure

Telecommunications Advisory Council

- Five-member panel appointed by Governor Douglas to assist DII in meeting its responsibility under executive order; chaired by former Governor Tom Salmon

Vermont Broadband Council

- Affiliated with the Vermont State Colleges; promotes the use and availability of broadband services throughout the state, primarily through demonstration projects

- Works with organizations, agencies, institutions and businesses around the state to coordinate activities that will help to make affordable broadband service available to more Vermont communities

- Distributes grant funding from HUD in conjunction with state Broadband Grant Program
Governor’s broadband goal is to have 90% broadband availability (by population) by the end of 2007. As of October 2005 the availability was calculated at 84% and growing.

Broadband availability increased from less than 70% in 2003 to over 85% today.

The Verizon agreement negotiated by the PSD in 2005 will result in dramatic increase in DSL availability to over 80% of their customers. Comcast is continuing to build the 1500 miles of cable agreed to in 2004.

The state broadband grant program has awarded over $350,000 in funds to create private/public partnerships between communities and WISP.
Governor’s cellular goal is to have 100% coverage along the major routes by the end of 2007.

As of October 2005 an estimated 90% of the routes are covered by at least one provider.

Providers like Verizon Wireless, Sprint and Unicel are continuing to add sites in our rural areas.
Statewide Notes:

Cable modem coverage is based on cable company annual report filings through 2005. Non-Adelphia coverage does not include some post-2003 line extensions, but those not included are minor in extent.

DSL coverage is through January 2005, with some updates for Verizon Central Office DSL deployments through the end of 2005. DSL coverage includes ILEC and CLEC coverage areas. Verizon-area coverage is estimated and may over- or understate the geographic area served. A small number of Verizon Remote Terminal DSL deployments that happened later in 2005 are not shown.

Wireless ISP coverages are radiofrequency propagation estimates, where available. In some cases, approximate base station locations are shown where coverage estimates are not available.
REAP Zone

- The Northeast Kingdom – Caledonia, Essex and Orleans Counties – is one of only five Rural Economic Area Partnership (REAP) Zone in the U.S.

- Provides additional federal funding for business development, job creation, housing, and water and sewer infrastructure projects from USDA Rural Development and adds priority points to applications for other funding sources

- Business and Cooperative Programs: $1,175,303

- Community Programs: $1,783,926

- Housing Programs: $4,924,631

- Total RD Investment in the REAP Zone: $7,883,860
Business and Industry Loan Guarantee Program: $7,740,000:
- Provides a guarantee, generally 80%, to commercial lenders who provide credit to entities that create jobs and stimulate rural economies

Intermediary Relending Program (IRP): $2,000,000
- Provides 1%, 30 year loans to public bodies, non-profit corporations, Indian tribes on Federal or state reservations and cooperatives to capitalize their revolving loan fund, to make loans to businesses that are starting up or expanding

Value Added Producer Grants (VAPG): $163,750
- Grants are awarded on a nationally competitive basis to assist independent agricultural producers enter into value-added activities and emerging markets
Rural Business Enterprise Grants (RBEG): $698,800

- Grants made to public bodies, private non-profit corporations and federal recognized Native American tribal groups to finance and facilitate the development of small and emerging private business enterprises

Rural Business Opportunity Grant (RBOG): $155,145

- Grants made to public bodies, non-profit corporations, Indian tribes on Federal or state reservations and cooperatives with members that are primarily rural residents. The grants are used to finance technical assistance for business development planning in rural areas
Renewable Energy/Energy Efficiency Grants: $1,625,908

- Grants to help agriculture producers and small businesses reduce energy costs and consumption through the purchase of renewable energy systems or installation of energy efficiency equipment
- Investment In Vermont Fiscal Year 2006
- Business and Cooperative Programs: $12,779,603
- Community Programs: $16,041,266
- Housing Programs: $33,066,375
- Total RD Investment in Vermont: $61,887,244
The Network hosted by the Vermont State Colleges and comprised of:

- The Vermont Manufacturing Extension Center (VMEC)
- The Small Business Development Center (SBDC)
- The Technology Extension Division of the Vermont State Colleges (TED)
- The Vermont Tech Enterprise Center (Incubator space)

Last year, the Network served 19,800 Vermonters and over 2,000 existing and start-up businesses in state.
Vermont Manufacturing Extension Center

- An affiliate of the nationwide National Institute of Standards & Technology (NIST) Hollings Manufacturing Extension Partnership (MEP) network of not-for-profit centers
- Public-private partnership of State of Vermont through the Vermont State Colleges; the Vermont Technology Council and NIST MEP hosted at Vermont Technical College
- VMEC Advisory Board consists of Vermont manufacturers, stakeholders, and key leaders with strong ties to manufacturing and works with professional staff of 17
- Provides variety of services to companies across state, including:
  - Process Improvements
  - Lean Enterprise
  - Quality Systems
  - Strategic Management Services
  - Defense Supply Chain
  - Plant Layout
  - Supply Chain Optimization
  - Software Selection
  - New Product Development
Vermont Manufacturing Extension Center

- Since 1996, has served over 762 of Vermont’s nearly 2,000 manufacturers, and in early 2006 VMEC formed an additional business unit that has begun to bring proven Lean process improvements to the healthcare, government, and higher education industry sectors.

- In the last year ending June 30, VMEC has:
  - Served 109 companies;
  - Created 161 jobs and retained another 86
  - Helped manufacturers save $23.579 million
  - Assisted clients with $18.645 million in modernization
  - Helped firms generated an estimated $8.55 million in new sales
  - Provided training to 84 companies; conducted 48 “public” workshops and 10 private on-site workshops training 2,498 workers

- In the prior fiscal year, VMEC created an estimated $2.7 million in additional Vermont tax revenue

- Clients report a two-year Return on Investment (ROI) of 101:1
The Vermont Small Business Development Center

- Non-profit partnership of Small Business Administration, Vermont Department of Economic Development, and Vermont State Colleges provides high quality, no cost counseling and high quality affordable training programs to businesses and start-ups
- Provide entrepreneurial agricultural support to assist small and mid-sized farms with business planning and financial management counseling
- Provides regulatory assistance through environmental and permit compliance strategies
- Expand technology development and commercialization support to assist emerging and information technology entities
- Introduces youth entrepreneurship to high schools to encourage youth retention and educational continuation
The Vermont Small Business Development Center

In 2006 VtSBDC clients:

- Created 2400 jobs
- Increased personal income by $70.3 million
- Contributed $3.1 million to the state’s general, transportation, and education funds
- SBDC ROI of over 9 to 1
Technology Extension Division

- 6 Full-time staff plus 20+ part-time consultants and trainers
- Customized training for employees
- Management advisory services
- Non-credit and credit courses
- On-line courses
- On-site training
- 3,500 trainees
- Over 1,000 hours of training in 2005
- 600+ plumbing & electrical apprentices
- Funded primarily through fees for service, state program funding (e.g., apprenticeship) and grants for workforce training
Champlain College Programs

- Workforce Development Center conducts business outreach, assesses needs, connects resources. Another function is to serve as a facilitator of a workforce development system in Vermont, connect businesses to state resources (i.e. training funds, growth incentives).

- Professional Certificates for Retooling: Offers a skill-focused program that provides adults with relatively quick re-tooling and the opportunity to advance in their industry fields.

- Career focused education, targeted on careers that are the fastest growing nationally, i.e. Computer Information Systems, Business Management, Accounting, and Hospitality programs.

- BYOBiz Program: Recruits 25 or 30 high school students each year to come to Champlain and bring their business with them in an effort to encourage them to grow and keep their businesses in Vermont.
Champlain College Programs

- IT Roundtable Discussions: Quarterly IT Roundtable discussions help facilitate a true IT industry cluster in Vermont

- Strategic Partnerships with Vermont Information Technology Center; Lake Champlain Regional Chamber of Commerce and Workforce Investment Board; GBIC’ Vermont Workforce Development Council; Vermont Chamber of Commerce; Vermont Global Trade Partnership; Linking Learning to Life (K-12 school-to-career partnership)

- Online Education – National and International Reach

- International Business Education, creating global citizens and business opportunities
University of Vermont Programs

Vermont Business Center

- Joint venture of the University of Vermont’s School of Business Administration and Continuing Education
- Offers management education seminars and customized training opportunities for individuals and organizations in Vermont and throughout the region
- Affiliated with the Vermont Family Business Initiative (VFBI), an on-going program that provides a training and support network to more than 30 family businesses in the state
In fiscal year ending June 2006, the Vermont Business Center management development programs:

- Served over 296 participants representing 60 Vermont organizations from 27 Vermont towns and greater New England region.
- Over 70% of the public program participants were managers, directors, presidents/CEO or small business owners
- Received Vermont Training Program grant funding for the third year to support manufacturing company participants in VBC public seminars
University of Vermont Programs

Other Programs

- School of Business Administration: Offers accredited Masters in Business Administration program to accommodate working professionals; MBA students work directly with Vermont Center for Emerging Technologies as EPSCoR Graduate Research Assistants

- Vermont EPSCoR Program (Experimental Program to Stimulate Competitive Research): State wide program funded by the National Science Foundation; also includes SBIR (Small Business Innovation Research) Grant Program

- Technology Transfer: In 2006 received Federal Research Funding of $92,244,247; 9 patents filed/received in past two years, resulting in $342 million in licensing fees over that period.

- Extension Programs: Include working to support tourism based communities and companies; New Farmer network to help individuals develop skills.

- College of Engineering: Offers lecture series for Vermont community on cutting edge topics and research; Senior design projects; collaborations with Vermont industry
Alternative Capital Funding

North Country Angels (NCA)

- Group of more than 20 successful and experienced entrepreneurs active in making early-stage and seed investments in companies located in the northeastern United States, including Vermont.

- Holds monthly informal meetings to review business plans from prospective companies; discuss recent news from the investment community; and share due diligence activities.

- Not formally organized to make investments as a group; investment decisions made by individual members of NCA.

- Companies assisted include Vermont Teddy Bear; Casella Waste Systems Inc.; and Madhouse Munchies.
Alternative Capital Funding

Fresh Tracks Capital

- Middlebury-based venture capital firm specializing in the software, hardware, telecommunications, media, business information, business systems and biotechnology sectors
- Makes equity investments, in partnership with Village Ventures, Inc. network of funds, of up to $1.5 million in companies that meet requirements
- Companies assisted include Vermont Teddy Bear; Mophie; and Eating Well Media Group

Vermont Venture Network

- Non-profit forum created to enhance the interaction and exchange of ideas among Vermont’s entrepreneurs

"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Miscellaneous Programs

Vermont Employee Ownership Center

- Promoting and fostering employee ownership. Our goals are to broaden capital ownership, deepen employee participation, retain local ownership of businesses and the jobs they support, increase living standards for working families, and stabilize communities.

Economic Development Council of Northern Vermont

- Private non-profit development corporation serving businesses and communities in Caledonia, Essex, Franklin, Grand Isle, Lamoille, and Orleans counties. Services include technical assistance to businesses and communities. The Council offers three revolving loan programs.
Miscellaneous Programs

Efficiency Vermont & the Energy Efficiency Division of the Dept of Public Service
- Work to promote energy efficiency and assist business with energy cost saving programs

Vermont Sustainable Jobs Fund
- Private-government partnership provides financial resources to fund existing programs for the start-up and expansion of small businesses in sustainable industry sectors, including capital access to those businesses too large or too small to obtain funds from existing programs

Vermont Technology Council
- Partnership of State of Vermont, the University of Vermont, and private enterprise comprised of up to 24 members who are leaders in higher education, business, state government, and venture capital who foster competitive, profitable enterprise and research and development based on science, technology and engineering
The Business Assistance Continuum, a joint project of the Vermont Sustainable Jobs Fund, the Vermont Small Business Development Center, and the Department of Economic Development:

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"Helping Vermonters Improve Their Quality of Life and Build Strong Communities"
Thank You

Q&A / Discussion