

New Hope for Unemployed Vermonters

Congress is poised to give a reprieve to thousands of Vermonters who have exhausted their state unemployment benefits and depend on emergency benefits from Washington. Regular benefits, which are state funded, last 26 weeks. In tough times, Congress typically steps in to help those who have exhausted their state benefits. The Emergency Unemployment Compensation (EUC) program of 2008 provided federal benefits for up to 34 weeks—longer in high-unemployment states. Congress extended EUC through 2009 and half of 2010, but let it lapse last month. Now it appears the Senate will approve another extension until at least November. Meanwhile, this month Vermont ended state extended benefits because the second-quarter unemployment rate dropped below 6.5 percent.

A Positive Prognosis for State Revenues

After two years of decline, Vermont's tax collections should begin growing in fiscal 2011 and 2012. According to the latest state forecasts, Vermont should see a 5 percent increase in General Fund revenues this year and 7.7 percent in fiscal 2012. Personal income tax receipts are expected to jump more than 11 percent in fiscal 2012. But that rise won't bring income taxes back to pre-recession levels. Unemployment and Wall Street declines caused Vermont's income tax revenue to drop nearly \$125 million from fiscal 2008 to 2010.

Fewer Hammers Swinging

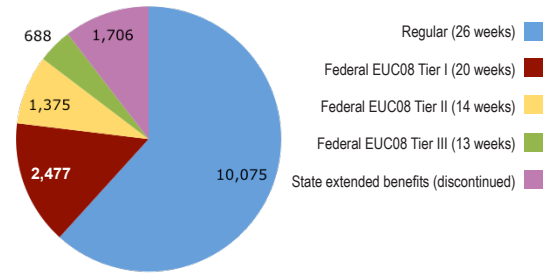
The recession has hit Vermont construction workers hard. In the last year, the state has seen the greatest fall in construction jobs in New England, the second largest in the nation. Of approximately 240,000 private sector jobs in Vermont, construction accounts for about 5 percent or 11,200. That number is down 12 percent from January 2010 and 18.5 percent from a year ago. Vermont's average construction wage for 2009 was \$41,672—about 10 percent higher than the average private sector job. Despite the loss of construction jobs, Vermont saw

	June 2010	May 2010	June 2009
Labor Force	358,800	360,800	360,100
Employment	337,200	338,500	334,200
Unemployment	21,600	22,300	25,900
Rate	6.0%	6.2%	7.2%

the nation's third-largest percentage point drop in the overall unemployment rate last year.

Jobless Workers Rely on Federal Benefits

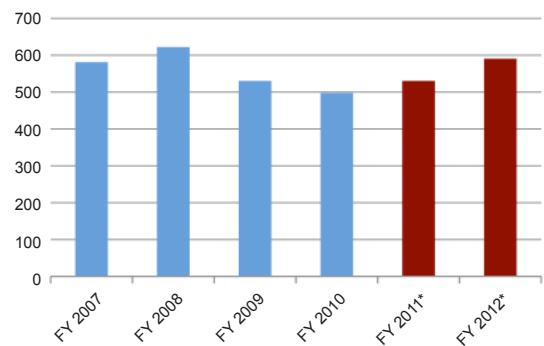
Vermonters receiving state or federal unemployment benefits as of July 10, 2010



Source: Vermont Department of Labor

Income Taxes Rise Again, but Still Lag

Vermont personal income tax receipts, FY2007-2012, in millions

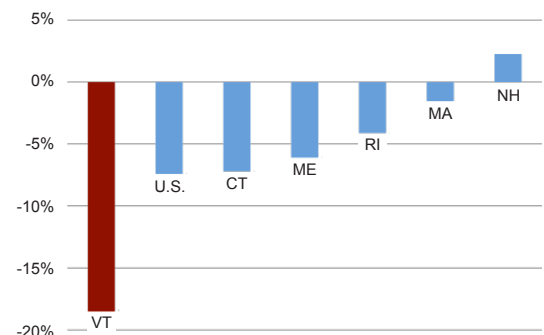


* Projected

Source: Joint Fiscal Office

Vermont Construction Workers are Idled

Percent change in construction jobs, June 2009 - June 2010



Source: U.S. Bureau of Labor Statistics