

Memorandum

To: Secretary of Administration Jeb Spaulding, Commissioner of Finance Jim Reardon  
From: Commissioner Annie Noonan, Vermont Dept. of Labor, *on behalf of the Workforce Development Council Executive Committee*

Re: Workforce Development Council Recommendations for Next Generation Funds  
Date: December 17, 2012

Thank you for asking the WDC Executive Committee to make recommendations to Governor Shumlin and the Vermont General Assembly on the allocation of GF funding for Next Generation program. The Next Generation funding is intended *"to provide maximum benefit to workforce development, participation in postsecondary education by under-represented groups, and support for promising economic sectors in Vermont. These funds shall be allocated or appropriated by the general assembly after receipt and consideration of the council's recommendation."*

We have taken into our accounting the removal of the \$1.5M to VSC, VSAC and UVM from this NG Funding, as you have indicated that it will be allocated to them from the GF directly to their budgets. As such, our available GF dollars in the NG program should total \$3,293,000.

The WDC met to review the program funding, need and outcomes for the programs funded. We have discussed the operations of the program, changes, and successes. The Council's involvement provides an opportunity for input from a broad range of important constituencies. A wide variety of objectives have been funded from the NG money. They include: employer-based job training; K-12 career advancement; access to college; provision of medical career training to employment-challenged populations; secondary and postsecondary internships; adult and incumbent worker skill training; and support for entrepreneurs, product innovation and economic development.

**Process:** Reports and performance data from each agency and institution that has received these funds in past years are collected and reviewed by the granting agency. Each agency and each recipient is expected to report performance and outcome data.

Following is our broad approach to this allocation:

1. Competitive grants requiring an employer match under the Workforce Education and Training Fund to assist employers with the cost of training. Emphasis will be on jobs and firms that are in industries identified as being of primary importance to Vermont's economic development.
2. Funding for a statewide secondary school internship program with emphasis on assignments that can lead to employment. Jobs that require STEM skills will receive priority in funding and placement of candidates.
3. Scholarships at UVM, VSC, and through VSAC with preference for skills deemed to be in demand by Vermont employers, underrepresented groups, and based on need.
4. Note: Vermont Training Program is not funded through NG money, but is embedded into ACCD's budget.
5. Note: Career Exploration will now be considered for funding under WETF money allocated to VDOL.

## **Budget Recommendations:**

### **1) Workforce Education & Training Fund (VDOL): \$800,000**

*(WETF money was first reduced to transfer \$83,500 to ACCD to STEM, and further reduced by \$400K to add to Dual Enrollment)*

The WETF Fund supports partnerships with Vermont employers, educators and training providers to meet the goals of: (1) creating jobs in Vermont; (2) 'saving' jobs from moving out of Vermont; (3) customized training focused on increasing the practical skills of a workforce to enable the Vermont employer to better compete for new business or expand into new areas; (4) increasing the knowledge, skills and abilities of the workforce to keep Vermont workers competitive, and/or provide them with greater job opportunities in the event of downsizing in their current employer or field; (5) supporting key initiatives such as high school and college Internships, serving hundreds of Vermont students; (6) programs to assist persons with significant employment barriers; (7) customized job training to assist the State in recruitment of new employers to the state; (8) Career Readiness Certificate helps to identify skill deficiencies in workers and directs participants to additional resources. (9) An area that has not received funding in recent years is Career Exploration. The WDC has agreed that this is an area during the upcoming FY that deserves attention and funding. The WETF money is focused on preparing Vermont workers with better skills for their current job or new skills for better jobs and/or promotions. It is an essential part of the State's economic development strategy, in which all economic sectors are eligible to participate, but with keen attention to the growth sectors.

### **2) Adult Technical Education (DOL): \$360,000**

This is an accessible, low-cost program that utilizes the facilities of the Regional Technical Centers. In FY'12, the local programs competed for these funds on a performance basis. In 2011, the legislature changed the funding distribution so that each center that requested funds needed to submit a work plan, and would receive an equal distribution of the money. The Centers have been working well to integrate their programs with regional workforce development needs.

### **3) Tech Transfer (UVM): \$100,000**

This program has demonstrated success in the innovation of products with market potential and works closely with VCET on moving innovations to market. Our recommendation is for level funding. This program is primarily an economic development strategy rather than a workforce education and training strategy and as such should be moved, in future budget years, to a funding source more closely aligned with its purpose. The Tech Transfer program should seek more permanent and sustainable funding through the success of the program.

### **4) Vermont Center for Emerging Technologies (ACCD): \$100,000**

This program has demonstrated success in supporting entrepreneurs through the start-up phases and can demonstrate the creation of jobs and additional demand for skilled workers. Our recommendation is for level funding. It is primarily an economic development strategy rather than a workforce education and training strategy and as such should be moved, in future budget years, to a funding source more closely aligned with its purpose. The VCET program should seek more permanent and sustainable funding through the success of the program.

### **5) Area Health Education Centers Loan Repayment (AHEC): \$300,000**

Support for critical skills such as primary care physicians or other health occupations which are foundational to social welfare and economic development should be met in the future by income tax credit programs, and, until that can be implemented, on a limited basis by the State's general fund. These funds are used as match for the Global Commitment, generating \$1.50 in Federal Funds for each dollar of State funds. By using these funds to attract and retain skilled health practitioners to Vermont the program addresses workforce shortages, but does not support workforce education and training directly.

6) **Non-Degree Grants (VSAC)** \$494,500

The program provides tuition assistance grants to individuals who meet eligibility requirements. This is the only program that provides scholarships for non-college credit programs such as those offered by non-profit organizations, proprietary schools, unions, and Regional Tech Center Adult Ed programs. VSAC surveys have shown that 96% of recipients reported that the grant made it possible for them to acquire new job skills.

7) **National Guard Educational Assistance (VSAC)** \$150,000

The program provides tuition assistance to Vermont National Guard troops, and has been fully utilized. The recommendation is that in addition to this appropriation, other recipients of Next Generation funds should place a priority on serving these individuals.

8) **Dual Enrollment (VSC):** \$400,000

Dual enrollment programs and flexibility in learning environments are essential to the success of many Vermonters. These programs should be an entitlement imbedded within the public education system as a matter of policy. Until that happens, funding for such programs will have to be supported with state general funds, as they are too important to be ignored. Dual enrollment provides a way for students to earn college credit while in high school. College classes can be taken through the VSC, UVM, and several private colleges that have chosen to participate, and include substantial tuition discounts. The model has proven particularly effective at raising the aspiration of non-college bound and first-in-family students. Demand for the program exceeds the available funding, and thought should be given to making dual enrollment available to all who could benefit by including it under the public education entitlement.

10) **Large Animal Veterinarians Loan Forgiveness (Agency of Agriculture)** \$30,000

A loan forgiveness program for large animal vets patterned after the nursing loan forgiveness program to meet demonstrated regional needs as defined by the Secretary of Agriculture. Support for critical skills such as large animal vets or other occupations which are foundational to social welfare and economic development should be met in the future by income tax credit programs and, until that can be implemented, on a limited basis by the general fund

11) **STEM Incentive Payments (ACCD)** \$141,000 (increased by \$83,500, transfer from WETF \$)

An incentive payment for a recent college graduate (graduated within the last 18 months), with an associate's degree or higher, who takes a STEM job in Vermont. The incentive is \$1,500 per year if the graduate remains in Vermont for 5 or more years. Support for critical STEM skill development as well as other occupations which are foundational to economic development should be met in the future by income tax credit programs and, until that can be implemented, on a limited basis by the general fund.