



January 28, 2015

Shap Smith
Speaker of the Vermont House of Representatives
Speaker's Office
115 State Street
Montpelier, VT 05633

Dear Mr. Speaker:

Thank you for the focus that you're putting on economic development and job growth to start the Legislative session. As our State economy continues to work its way out of the ill effects from the last recession, we have seen firsthand the hesitancy of our most valuable employers to make significant hiring decisions and capital investments in Vermont. Lingering uncertainty in our economic recovery and uncertainty over tax policy, property taxes, critical job training funding and programs, and permitting, means that now is the time to provide strong leadership, support, and stability to our Vermont employers.

The following economic ideas are the result of GBIC's conversations with value adding employers over the past number of months from throughout Chittenden County. Our focus has been on distilling the current and future needs of employers while maximizing the effectiveness of our already existing infrastructure of programs and providers.

Our hope is that the State will choose to support Vermont employers in such a way that the programs will be flexible enough to be used in every county and across multiple industry sectors, while being substantial enough to be impactful. Targeting our resources tactfully encourages the creation of new jobs for Vermonters, increases the skills of Vermonters already in the workforce, and spurs new capital investments by employers. If the State is going to be a partner in the creation and retention of jobs, and to support initiatives to increase incomes, we need to invest in the tools and providers that support and strengthen our greatest asset: our people.

Sincerely,

Frank Cioffi
President, GBIC

Creating and Retaining Jobs for Vermonters: Raising Personal Incomes Across the State

Economic Development
Recommendations

GBIC: 1/28/2015



GBIC

Good Jobs In A Clean Environment

RAISING PERSONAL INCOMES FOR VERMONTERS WORKFORCE TRAINING

Providing a strong workforce of qualified Vermonters who are competent, competitive, and highly skilled is the most essential economic development action that will ensure working Vermonters and their families have a sustainable economic wellbeing. State investments in Work force Training Programs and Funds are essential to job retention, job creation, and skills development and the money is invested in our greatest asset: Working Vermonters.

If Vermont is to retain and grow its current workforce in key economic sectors then we must focus on developing, educating, training, and retraining Vermonters for employment opportunities in high wage positions with high value-adding employers:

Key Sectors: Advanced Manufacturing, Information Technology, and IT Health Care Services.

- **The State of Vermont should amend VEGI legislation to appropriate the state's 20% retained share of the projected annual revenues of every VEGI award to the Vermont Training Program and Vermont Workforce Education and Training Program. This would be used to fund the development, education, training, and retraining of Vermonters for jobs with Vermont employers in the economic sectors of: Advanced Manufacturing, Information Technology, and Information Technology in Healthcare Services. An annual allocation of \$2 million is projected as the necessary target.**
- **Short term skills development for Working Vermonters: Create an Advanced Manufacturing and Information Technology Readiness Training Program to upskill Vermonters already in Vermont's Advanced Manufacturing and information technology sectors for critical workforce need areas such as technicians, mechanical and technical skills, machinist training, web and graphic development and coding, and in information technology in Health Care Services.**
- **Degree and Certification Education and Training Program: Create a Vermont Advanced Manufacturing and Information Technology sector employee development, education and certification program to address longer term critical workforce need areas like technicians, mechanical and technical skills, machinist training, web and graphic development and coding, and in information technology in Health Care Services. The program would provide allocations for education and training providers to graduate and find jobs for Vermonters in Vermont employers in these key sectors.**



RAISING PERSONAL INCOMES FOR VERMONTERS **STRATEGIC EMPLOYER RETENTION AND EXPANSION**

The value of retaining our state's existing strategic employers who are value adding, dollar importing, goods and service exporting employers far outweighs allocating significant resources into chasing rising star sectors. Retaining and valuing these employers is essential to saving and creating good jobs for working Vermonters. The retention and expansion of our most economically significant employers must be our #1 economic development priority.

- **The VT ACCD, VT DED and RDCs should continue to engage and conduct a rigorous Key Employer Contact and Visitation Program targeted towards the retention of our state's leading value-adding employers.**
- **Maintain and utilize the Governor's Enterprise Fund**
Continue to provide funding in FY 16 for the Governor's Enterprise Fund.
- **Create a Vermont Strategic Employer Designation: A Strategic Employer Competitiveness Program.** This program is intended to retain and grow "pillar" employers within each region. These Strategic Employers are a region's most valued, for-profit, export orientated, dollar importing economic contributors and employers. This program would be designed to service the changing and dynamic needs of strategic employers and demonstrate the value to Vermont of these employers:
 - **Designate a period of 3 years for up to 10 employers in each region selected by the Governor as "Strategic Employers."**
 - The number of employers per region could be based upon the Vermont Department of Labor LMI employment percentages by county.
 - **Include: Targeted Property Tax incentives, Energy Surcharge Exemptions, and access to lower cost electric rates.**
 - **Priority Authorization and Allocation: for Workforce Training funding and program access, VEGI incentives, Governor's Enterprise Funds, etc.**
- **Target resources and incentives to Vermont's existing Advanced Manufacturing Sector:** It is very important to provide support to our state's existing employers in Vermont's advanced manufacturing sector. These employers tend to be the largest, highest wage employers and they are the greatest dollar importing, goods and services exporting economic engines of our state's economy. They have been the anchors of the economy of our regions and our state. *Existing programmatic resources and incentives should be targeted toward their job retention and economic competitiveness.*
- **Create Advanced Manufacturing Economic Development Incentive Electric Power Zones:** The VTDPs should work with our electric utilities and create a significant block of affordable electric power for our state's *Strategic Employers* who are in the advanced manufacturing sectors.



RAISING PERSONAL INCOMES FOR VERMONTERS

JOB CREATION/RETENTION AND INVESTMENT INCENTIVES ARE ESSENTIAL

If Vermont is to be competitive in its efforts in assisting the most valued employers grow new jobs for working Vermonters then it is essential that we have very meaningful economic incentives. The world is flat, competitive and offers many options for employers; Vermont must be competitive, fast acting and targeted in its use of resources for job creation and expansion.

- **Create a Research and Development Tax incentive:** As a tool to foster innovation and job creation/retention in our Advanced Manufacturing and Information Technology Sectors the state should create and advance a qualified Research and Development Tax incentive. The program should be a cash incentive that functions similarly to the VEGI incentives and is tied to investments in research and development. This should be used for existing job retention as well as new job creation for employers who have achieved *Strategic Employer* designation.
- **Change Vermont's Research & Development Tax Credit:** The formula should align Vermont with the federal tax code by providing the Alternative Simplified Credit (ASC) as an option for taxpayers. This modification will apply only to R&D activities conducted within the state. The adoption of the ASC will incentivize investment, spur job growth, and strengthen the overall economic climate.
- **Make VEGI award payments tax free statewide:** With the current mechanism the VEGI award payments are received as income to the business. This means that with the award there is an increased tax burden paid to both the State and to the Federal government.



RAISING PERSONAL INCOMES FOR VERMONTERS

ADVANCING INNOVATION CAPITAL FOR JOB CREATION AND FINANCING

Risk capital from public, private and non-profit sectors must increase in order to seed the next generation of products and services development and commercialization. Promoting a knowledge-based economy without a complementary financial, tax, and regulatory foundation sets an unrealistic expectation of support. Capital + Business Climate = Jobs and New Revenues.

The Vermont economy can continue to grow through a commitment to entrepreneurship and innovation by providing entrepreneurial education and training, access to growth capital and financing, and improved technology infrastructure.

- **Recapitalize the VEDA Vermont Seed Capital Fund administered by the Vermont Center for Emerging Technologies - VCET.**
- **Seek to provide funding support for VCET to enable VCET to continue to connect early-stage entrepreneurs, technology start-ups, and small businesses with successful, experienced business enterprises and capital financing; increase VCET's mentoring of entrepreneurs and create more co-working spaces in order to advance and create more positive economic impacts statewide.**
- **Create an Angel Investor Tax Credit to incentivize investment and foster growth in newly formed start-ups in Vermont. The tax credit should equal 20% of the value of a qualifying "angel" investment.**
- **The state should continue to provide VEDA with funds to enable VEDA to continue to provide low interest loan funds and to cover loan loss reserves that enable VEDA to increase its risk tolerance for high growth value-added entrepreneurial enterprises.**



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RAISING PERSONAL INCOMES FOR VERMONTERS TAXES & BUSINESS SUSTAINABILITY

Vermont is a relatively high tax state. This is not a surprise; however, we need to institute more transparent and balanced tax policy and spending. We won't become a leader in the lowest tax rates in the country, but we can strategically reduce taxes that slow economic growth, become the leader in openness, and a leader in showing the meaningful, benchmarked outcomes of our state expenditures. Strategically reducing some costs to business will stimulate economic expansion, job creation and retention

- **Find a way to permanently eliminate the tax on Cloud Computing.**
- **Study the fiscal cost/benefit of the creation of a statewide business and job creation program like the "Start UP New York" incentive program.**
- **Authorize the creation of more TIF districts to incentivize infrastructure upgrades and stimulate municipal revitalization projects while increasing the tax base and jobs.**
- **Create a tax credit program for residential developers to create more affordable workforce residential housing for Vermonters in downtowns and village centers.**
- **Encourage the Secretary of Commerce and Community Development to award \$2 million of CDBG funds to VHFA. The funding should be used to create and deploy creative financing models directed to support ownership of affordable workforce residential housing for Vermonters in downtowns and village centers.**



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RAISING PERSONAL INCOMES FOR VERMONTERS

ADVANCE INTERNSHIPS & CAREER INTRODUCTION IN OUR STATE'S INSTITUTIONS OF HIGHER EDUCATION

Part of the reason that Vermont has been able to maintain such a steady economic climate throughout most of the economic recessions of recent memory is due to the tremendous stability provided by our institutions of higher education. Due to the tremendous stabilizing influence these institutions have on our economy during downswings, we should equally leverage their capacity to influence and advance our economic preparedness during upswings. In addition, the nearly 40,000 college and university students attending our state's institutions of higher education provide the opportunity to offset Vermont's demographic challenges. Vermont should seek retain 10% of these graduates annually to work in careers with Vermont employers.

- **The 10% Challenge:** Create a program to retain 10% of the graduates of our state's institutions of higher education to work in careers with Vermont employers. The Annual Targeted Goal should be 500 Graduates.
- **Advance world-class internship programs for college and university students in Vermont businesses, institutions and organizations.**
We have one of the most robust college and university systems in the nation, and have the highest ratio of colleges per capita in the country. Our higher education network can, and should, be utilized as a more direct economic driver for placing students in Vermont enterprises. This has the added benefit of aiding in resolving our state concerns with aging demographics.
 - Vermont should engage and encourage our institutions of higher education to continue to advance internships and career introduction opportunities between our institutions of higher education and Vermont employers. This would provide the greatest benefit to both students who want to have a career in Vermont and to Vermont enterprises seeking talented young people.
- **Encourage UVM and the VSC system to develop, implement and promote stackable credentials programs to ensure students build sustainable and worthwhile careers.**
- **Encourage UVM and VSC to keep moving forward with high school/college dual enrollment opportunities.**
- **Advance and support workforce and career readiness skills courses in high schools.**
- **Encourage curriculum in our Vocational and Technical high schools that aligns with regional and statewide employer labor force needs.**
- **Work with our Congressional Delegation to attract more federal NSF and NIH research and development funding for the University of Vermont and the EPSCoR program.**



RAISING PERSONAL INCOMES FOR VERMONTERS **MAKING SOCIAL INVESTMENTS TO LOWER OUR LONG-TERM COSTS**

Direct investments in our people and in our Vermont employees starts long before they enter the workforce. Making early childhood education, healthcare, and insurance available and cost effective to employers and employees will benefit our workforce and our businesses.

- **Advance full-time universal pre-K in all school districts.**
- **Expanding public school choice gives families and students the flexibility to ensure that personal educational needs are met. This needs to be coupled with strong core curriculum in STEM education, available at all schools either in the classroom or via distance learning through advanced on-line technology.**
- **Encourage K-12 school districts to adopt and incorporate professional development programs in technology utilization and software for teachers in order to increase teacher proficiencies in utilizing technologies and software in K-12 curriculums and interactions with students.**
- **Instruct the Agency of Education to develop and implement a plan that establishes computer science education in public schools across the state. The goal of the program is to generate interest in computer science among underrepresented demographics and provide schools with course and curriculum recommendations aimed at strengthening the growth and vitality of the state's technology industry.**



RAISING PERSONAL INCOMES FOR VERMONTERS **ENCOURAGE INVESTMENT AND SUPPORT FOR IBM-GLOBALFOUNDRIES**

Over the past six decades, the most significant contributor to the expansion, diversification, and enrichment of our state's economy has been IBM Vermont. No company has made a more prolific contribution towards enhancing the lives of generations of Vermont families and expanding our state's capacity to innovate and grow. IBM opened Vermont to the world and opened the world to Vermont. IBM is Vermont's largest for-profit employer, providing quality jobs to approximately 4,000 Vermonters. We estimate that over 10,000 Vermont families are supported directly and indirectly by IBM. The company's \$300 million annual payroll and economic activity annually injects approximately \$1 billion dollars into our state's economy making IBM Vermont's most significant and vital economic engine. The impending sale of IBM Vermont to GlobalFoundries represents a monumental opportunity to retain and grow jobs and investment for many years to come.

- **Amend VEGI law to create a one-time VEGI incentive award to GlobalFoundries for training of Vermonters and to support capital investments in facilities and equipment.**
- **Direct Vermont Training Program and WETF funds to essential training of Vermont employees working at GlobalFoundries Vermont.**
- **Create a Research and Development Tax incentive that is a cash incentive that functions similar to the VEGI incentives and is tied to GlobalFoundries' investments in research and development.**
- **Create a targeted industrial and economic development electric rate for GlobalFoundries.**