

**HOUSE WAYS AND MEANS
THURSDAY, APRIL 16, 2015, 9:00 AM
FRED KENNEY, EXECUTIVE DIRECTOR,
VERMONT ECONOMIC PROGRESS COUNCIL**

VERMONT EMPLOYMENT GROWTH INCENTIVE

THE VEGI PROGRAM IS SUCCESSFUL:

The program purpose is achieved

- Key to recruitment and start-up of 11 companies
- Key to expansion of 26 Vermont companies
- Key to assisting small/medium-sized businesses
 - 48% of authorized companies are under 50 employees

THE VEGI PROGRAM IS SUCCESSFUL:

Program delivers jobs, investment, and new revenue

	<u>Total Projected</u>	<u>Projected to Date</u>	<u>Actual To Date</u>
New FT Jobs:	6,560	1,829	3,038
New FT Payroll:	\$136.8 M	\$86.8 M	\$187 M
New FT Capex:	\$630.7 M	\$333.3 M	\$495.4 M
Net New Revenue:	\$24.5 M	\$9.0 M	\$25.9 M

Net New Revenue to Vt per new job:	\$8,525/job
Value of Vt Biz-to-Biz Interaction:	\$178 M /Year
Average Wage:	\$45,702
Average Total Compensation:	\$55,835

THE VEGI PROGRAM IS EFFECTIVE:

Incentives are cut off if goals are not met

- Incentives authorized to 34 companies were terminated:
 - 12 because annual performance measures were not met in time
 - 8 for closure
 - 14 for not filing annual reporting

VEGI PROGRAM CONSIDERED ONE OF BEST IN COUNTRY:

“Good Jobs First” found that the VEGI program is one of the best for requiring actual job creation before incentives are paid and for requiring reporting on actual results, not just projections.

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APPLICATION SUMMARY: JANUARY 2007 – December 2014

Total Applications Considered:	86 (Avg. 11/year)
Total Active Projects:	37
Total Net Incentives Authorized:	\$32.5 million
Earn Period 2007-2018:	Average \$2.7 million/Year
Payout Period 2008-2022:	Average \$2.1 million/Year

ESTIMATE OF PROJECTED DIRECT AND INDIRECT ECONOMIC ACTIVITY 2007-2018

Total Full-time Job Creation (Direct and Indirect):	6,560
New Qualifying FT Jobs	(2,994)
New Non-Qualifying FT Jobs	(472)
New Indirect Jobs	(3,094)
Total Retained Full Time Jobs	4,934
Total Qualifying Full Time Payroll:	\$136.8 million
Weighted Average Wage (Full time jobs)	\$45,702
Average Total Compensation (Full Time jobs)	\$55,835
Average % of Health Care Premium Paid by Employer	75%
Total Qualifying Capital Investments	\$630.7 million
Approximate Value of Vermont Biz-to-Biz Interaction	\$178 million/Year
Total Net Revenue Return to Vermont:	\$24.5 million
Total Net New Revenue/Qualifying Job	\$8,183 per job*

PROJECTED/ACTUAL ECONOMIC ACTIVITY 2007-2012

	<u>PROJECTED</u>	<u>ACTUAL</u>
New Qualifying Jobs	1,829	3,038
New Qualifying Payroll	\$86.8 million	\$187 million
New Capital Investments	\$333.3 million	\$495.4 million
Net Incentive Installments Paid:	\$6.7 m	\$6.4 m
Net Revenue Return to Vermont	\$9.0 million	\$25.9 million
Net New Revenue/New Qualifying Job	\$4,920	\$8,525*

***Note: These figures *do not* represent a cost per job. They show the net new tax revenue generated to Vermont per new qualifying job created.**