

## Vermont State Senate

Economic Development, Housing and General Affairs

JANUARY 13, 2016

Lewis&Stromsten

Jeffrey Lewis and Jennifer Stromsten

# + THE VERMONT FUTURES PROJECT

A data-driven initiative to secure Vermont's economic future and to provide opportunity for Vermonters.

# + KEY DELIVERABLES

- ✓ Data-driven dashboard of economic indicators to measure performance and track progress
- ✓ Long-term vision for a robust economy that provides opportunities for all Vermonters
- ✓ Specific policy recommendations to make the vision a reality with supporting data, comparisons, and research support



# + Preparation



- Vermont Chamber Foundation formed to pursue a healthy Vermont Economy
- Retained Lewis&Stromsten
  - Jeffrey Lewis: 45 year career in ministry, technology, management consulting, and economic development
  - Jennifer Stromsten: Career in fund raising, social project development, municipal planning
- L&S reviewed the long history of work on economic development through literature and interviews
- L&S talked with 50+ people from clergy to CEOs across Vermont to sample attitude and opinion about the project

# + Big Question: Why now?

- The 'Tipping Point' of workforce is visible in:
  - Bubble of population and employees in their 50's
  - Continual reports of difficulty hiring workers and near impossibility of hiring critical skills
- The 'Alligator Mouth' may be a symptom that the economy is simply not growing as much as we need.
  - Growth is slower than the country
  - Challenges suggest it could stall and reverse
  - That crisis may be devastating for services, justice and the sense of community



# + The Puzzle of Vermont

## We worry ourselves

- Vermonter have been puzzled about their future since the 30's (Commission on Rural Life)
- Several trends have persevered
  - High focus and value on land and environment
  - Increasing focus on social and economic justice
  - No clear focus on economic opportunity for people or state
- Many studies and commissions since the 60's
  - Grafton Conferences
  - Pathways to Prosperity
  - VEPC, VEPC 10 year, CFED, Next Gen, CFV



# + The Vermont Futures Project

## Talking about the What Could Be

- Driving back to data
  - Vermont, like most places, is comfortable with assumptions
  - We have built mental models of the Vermont we imagine we want or want to avoid
    - Agricultural heritage
    - Fairness
    - Independence
    - New Jersey
  - Data calls us to match our ideas to reality
    - Before we worry about becoming New Jersey: see that we have not grown in twenty years, or between 1820 and 1965
    - Environmental performance has been strong, economic performance has been much weaker



# + The Vermont Futures Project

## Talking about What Could Be

- Building a Vision
  - We are motivated for ourselves and our successors to live, to live well and then to live better—always improving
  - A vision allows us to live for those who follow us---what opportunity do we want them to have
  - Vermont has robust components of a vision
    - Legacy of the Green Mountains
    - Agriculture and environment
    - A strong sense of shared community and social justice
  - Vermont needs an equally powerful component of opportunity for its people and businesses





# + The Dashboard and Ratings

## Selecting and Scoring the Data

- Six Pillar Architecture
  - Economy and Entrepreneurship—What we do
  - Workforce and Demographics—Who we are
  - Quality of Place and Infrastructure—Where we live
- Data selected and analyzed by UMass Center for Economic Development, Henry Renski, Director
  - Prof. Renski is a specialist in Rural Economic Development with experience in Maine, Massachusetts, and North Carolina
- Selection is not enough. The Vermont Futures Project Board studied the data and rated each pillar for level of concern





Dashboard

Economic  
Activity

Innovation &  
Entrepreneurs

Workforce &  
Talent

Vermont  
Demographics

Quality of  
Place

Infrastructure &  
Investment

Data  
Summary

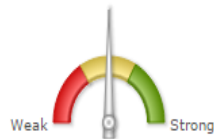
You are here: Home > Dashboard

## Dashboard

**Welcome to the Vermont Economic Dashboard.** The Vermont Dashboard is a snapshot of the current economic health of Vermont that provides important metrics to understand and measure progress towards securing Vermont's future. The Vermont Dashboard's "key indicators" benchmark Vermont's economic growth to stimulate conversation, and to prompt action that will achieve measurable, positive outcomes.

- The **Dials** and **Executive Summary** below describe Vermont's Economy, highlighting key economic Indicators.
- Each of the dashboard's **Pillars** provide more detailed baseline data and can be explored by using the tabs above to navigate.

The dashboard's **Indicators** are key data points for tracking Vermont's economic performance, business climate and quality of life.



Economic Activity



Innovation &  
Entrepreneurs



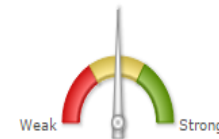
Workforce & Talent



Vermont  
Demographics



Quality of Place



Infrastructure  
& Investment

# + The Pillars-Pairing Data

## Economy and Entrepreneurship



- Economy and Entrepreneurship are linked
  - Innovation is the life-blood of economic activity
  - New ways of doing things as well as new things are critical
  - Vermont Entrepreneurship has a rural flavor—lots of one person businesses
- Business size matters
  - For longevity—larger companies are more stable
  - For pay rates—larger pays better with better benefits
  - For opportunity—larger businesses create jobs



**Economic Activity**



**Innovation & Entrepreneurs**

# + The Pillars-Pairing Data

## Workforce and Demographics



- Workforce is in short supply
  - There is a limited supply and evidence of a rising demand
    - We worry about lost opportunity—talent companies can't find
    - We worry about the tsunami to come as the bubble hits retirement
- Demographics—the dynamics of population
  - Vermont is not growing and hasn't since 1995, and didn't from 1820 to 1965
    - Growth is not the norm, it worries us
    - We'll never be New Jersey, but we aren't even Oregon
    - The valve is housing—we build it very slowly



**Workforce & Talent**



**Vermont  
Demographics**

# + The Pillars-Pairing Data

## Quality of Place and Infrastructure



- Vermont treasures its land and heritage
  - Revenue forgone to preserve land—in perpetuity
  - Small community life enhances social capital and constrains vision
  - Act 250 was visionary but incomplete, no land use plan was ever written
- Infrastructure is investment in economic growth
  - Roads and bridges are better than they have been thanks to Irene
  - Water, waste water, broadband and power distribution matter enormously—these are the facilities of success
  - Vermont's bond rating is exemplary, its risk taking is **not**



Quality of Place

Infrastructure  
& Investment



- Executive Summary
  - Economic Activity**
  - Innovation & Entrepreneurship
  - Workforce & Talent
  - Vermonters & Visitors
  - Quality of Place
  - Infrastructure & Stewardship
  - Benchmark Summary
- Top Indicators Economic Base Revenue Base Industry Mix Growing Sectors

ECONOMIC ACTIVITY

**\$12.98 Billion**

2014 Commercial Grand List

UP .43% 2013-2014

Vermont Department of Taxes

ECONOMIC ACTIVITY

**14.3%**

Job Creation Rate in 2012

RANK: 24TH

BEA

**\$3.67 Billion**

Foreign Exports 2014

DOWN 14% SINCE 2004

Origin Of Movement Series of 1997-2014

**3,300**

Non-Farm Employment in 2013-2014

UP 1.1% BURLINGTON AREA / 1.8% NON-BURLINGTON VT

Vermont Department of Labor / BLS

ECONOMIC ACTIVITY

**\$48,123**

GDP per capita

RANK: 33RD

BEA

**2,222**

Mid-sized Firms 2015  
(20-499 Employees)

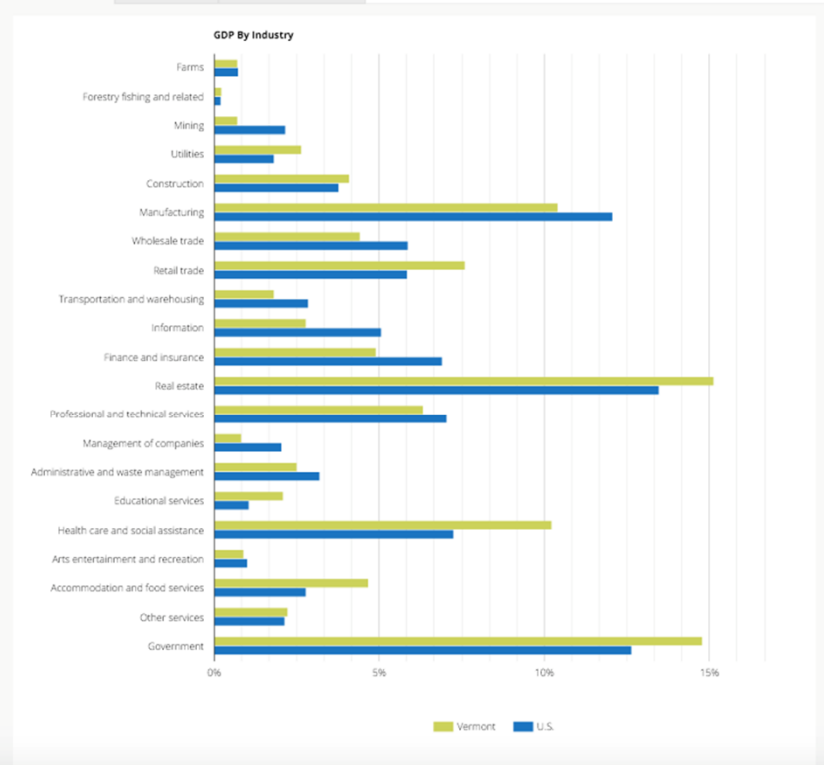
DOWN 2.7% SINCE 2004



You are here: Home > Economic Activity > Industry Mix

### Industry Mix

**GDP By Industry** [GDP by Worker](#) [Vermont's Economic Mix](#)



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## Top Indicators

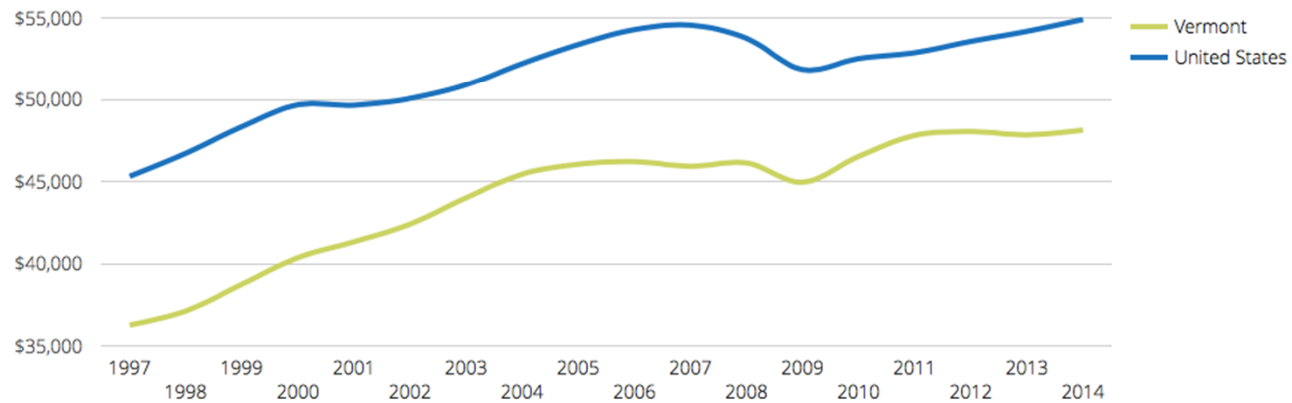
Vermont GDP Per Capita

Vermont Job Creation Rates

Growth in Number of Businesses

Employment - Burlington Region Vs. Rest of Vermont

Vermont GDP per capita since 1997







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- Benchmark Summary

- Workforce Supply
- Skills & Training
- Talent Pipeline
- Wages
- Changing Workforce

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## Our Workforce

The people, skills and training that power Vermont's economy today, and the challenge of ensuring a new generation can work to build tomorrow's economy.

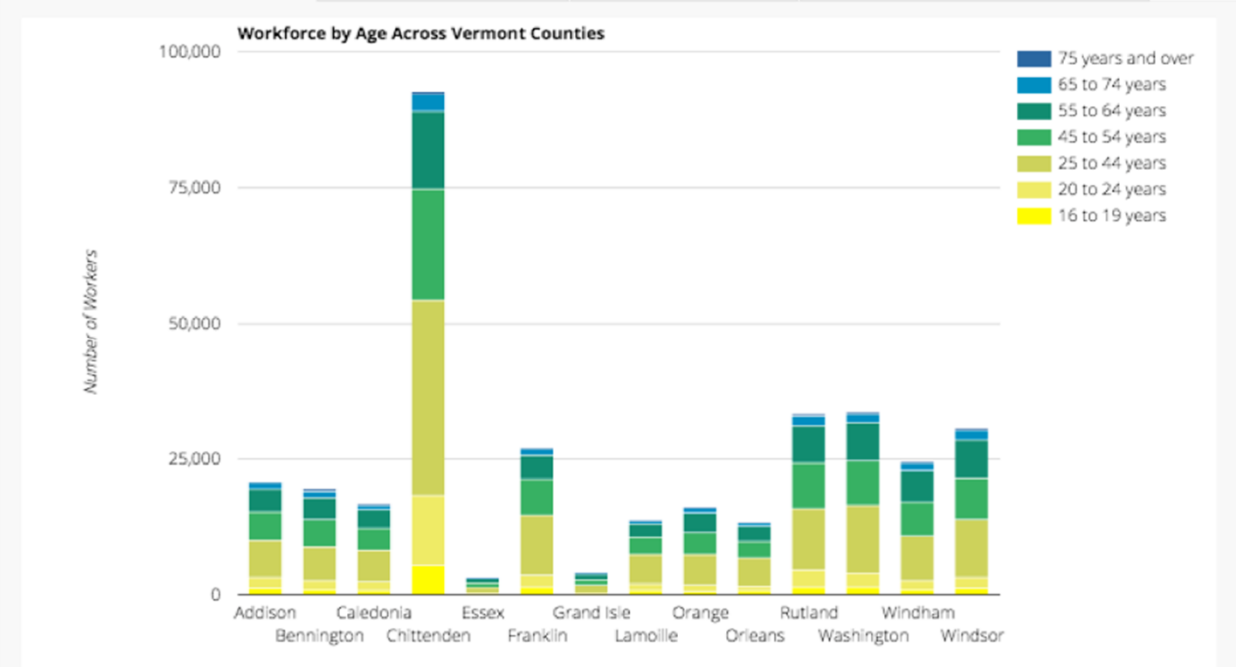
Compare Pillars Workforce & Talent  Vermonters



You are here: Home > Our Workforce > Workforce Supply

## Workforce Supply

Workforce by Age Across Vermont Workforce Participation Rates Unemployment by County Long Term Unemployment Trends VT vs. US



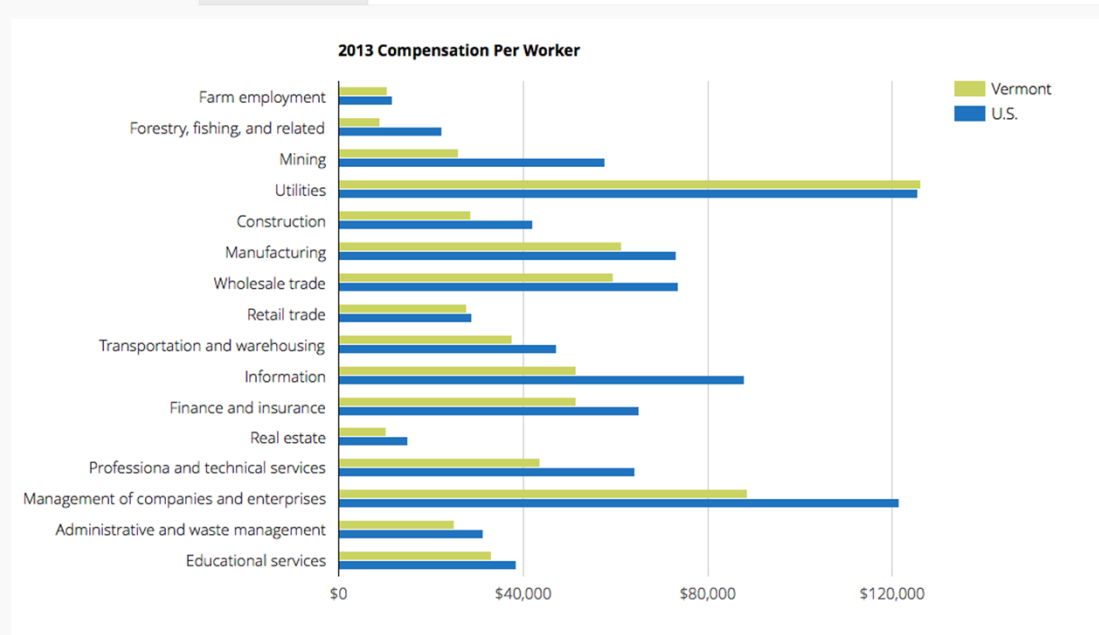
Source: US Census

You are here: Home > Workforce & Talent > Wages

## Wages

**Compensation VT vs. US**

Private Sector Wages



Source: Bureau of Economic Analysis

Across most employment categories, Vermont earnings per worker in 2013 were behind national averages. This data represents the total earnings divided by the number of workers, regardless of seasonal or part vs. full time status. Compensation includes earnings as well as benefits.

You are here: Home > Workforce & Talent > Skills & Training

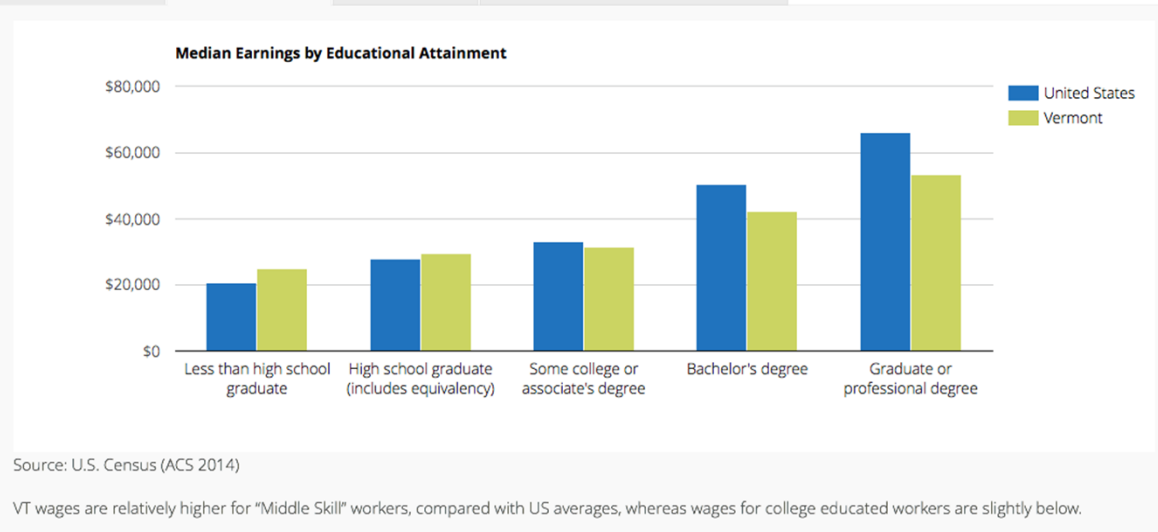
## Skills & Training

Training & Education Requirements

**Median Earnings by Education**

Growth in STEM Employment

STEM Occupations (Science, Technology, Engineering & Math)



# + Workforce

## Back of the Envelope

- Demand: Workforce= 320,000
  - Retirements 3-4%/year=11,375, Turnover/transition=12,000, Growth 2%=6400, Refill workforce=3200, Total=32,975
  
- Supply:
  - High school graduates: 7000, College attendance=3500, Net to workforce=3500.
  - College students 40,000, Graduates (est) 9000. Retention rate (est) 50%= 4500
  - Returning college graduates= 300 (est)
  - Total supply=8300
  
- Annual Deficit=24,675



You are here: Home > Quality of Place

## Quality of Place

Healthy places – Vermont's heritage of natural landscape and community life – are as essential to Vermont's economic future as to its history.

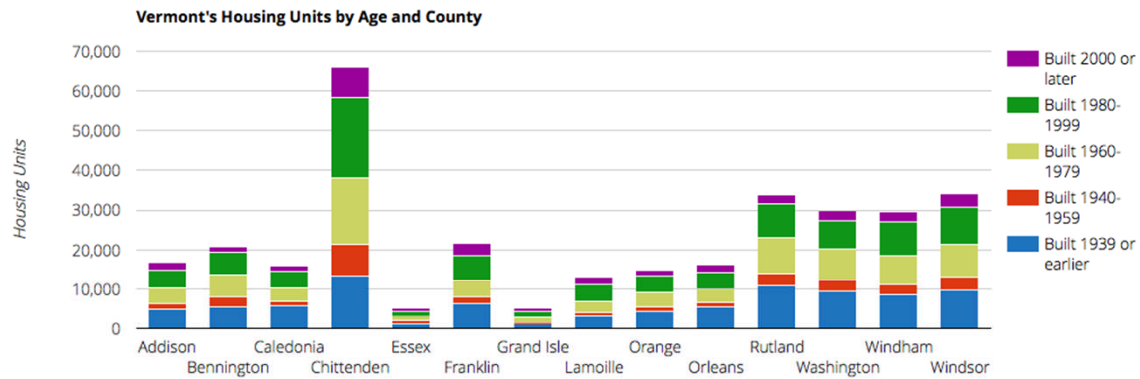
Compare Pillars **Quality of Place**  Infrastructure & Investment



You are here: Home > Quality of Place > Homes

## Homes

**VT Housing Units by Age** Median Home Prices Housing Stock by Type Housing Costs



Source: United States Census

With 1,546 Housing starts in 2014 home building remains slow compared to pre-recession levels. A single housing "start" may represent anything from a single family to a large multi-family project. This graph represents the number of housing units created in a given time frame, regardless of unit type and also illustrates the age profile of the state's housing stock.



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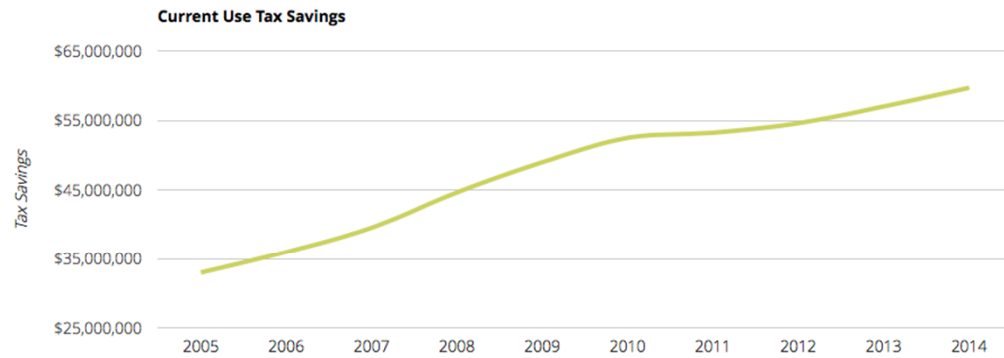
## Land and Water

Current Use

**Current Use Tax Savings**

Wastewater Treatment Plant Funding

Farm Size by Value of Sales



Source: Vermont Department of Taxes

Under Vermont's Use Value Appraisal (UVA) Program "Current Use" eligible private lands for forestry or agriculture are appraised based on value of wood or food production, rather than development value.





Securing Vermont's Economic Future

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## Infrastructure & Investment

The conditions necessary for economic growth, including large-scale stewardship of resources, and investment to ensure Vermont's future economic health.

Compare Pillars

Infrastructure & Investment

Quality of Place

**\$0.15 / \$0.17 kWh**

Commercial / Residential Electricity Rates

**US AVERAGE OF \$0.11 & \$0.13**

Energy Information Administration

**2,412,096**

Acres of Farm & Forest in "Current Use" Program

**UP 21% SINCE 2005**

Vermont Department Of Taxes

INFRASTRUCTURE & STEWARDSHIP

**AA+ Bond Rating**

Standard & Poor

**#1 IN NEW ENGLAND**

Vermont Treasury

**20.7%**

Broadband Access

**85.3% US AVERAGE**

National Broadband Map (NITELCO)

# + WHAT WE WILL BE DOING

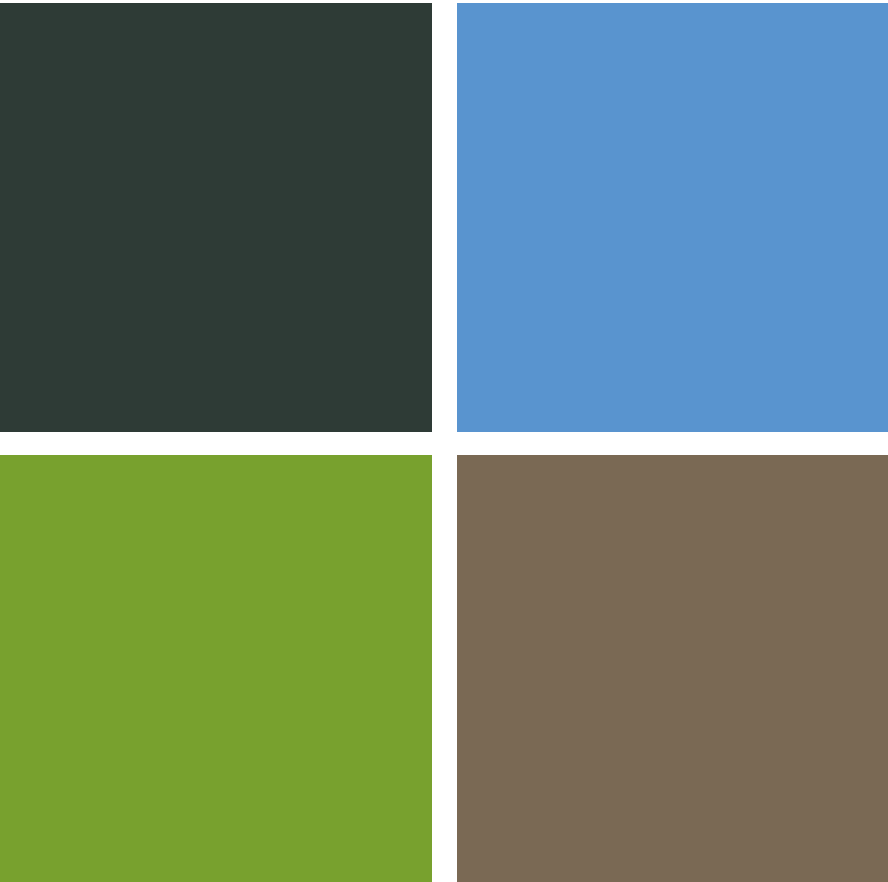


## ■ TELLING THE STORY

- We will be going out to communities to show this data and encourage discussion about a vision
- We will formalize a vision and basic strategy document in the late spring
- We will share that with you and the state

## ■ TAKING ACTION

- Building on the data and the Vision we will begin to generate policy and program suggestions
- We will bring forward learning opportunities for policy makers and opinion leaders



[www.VTFuturesProject.org](http://www.VTFuturesProject.org)