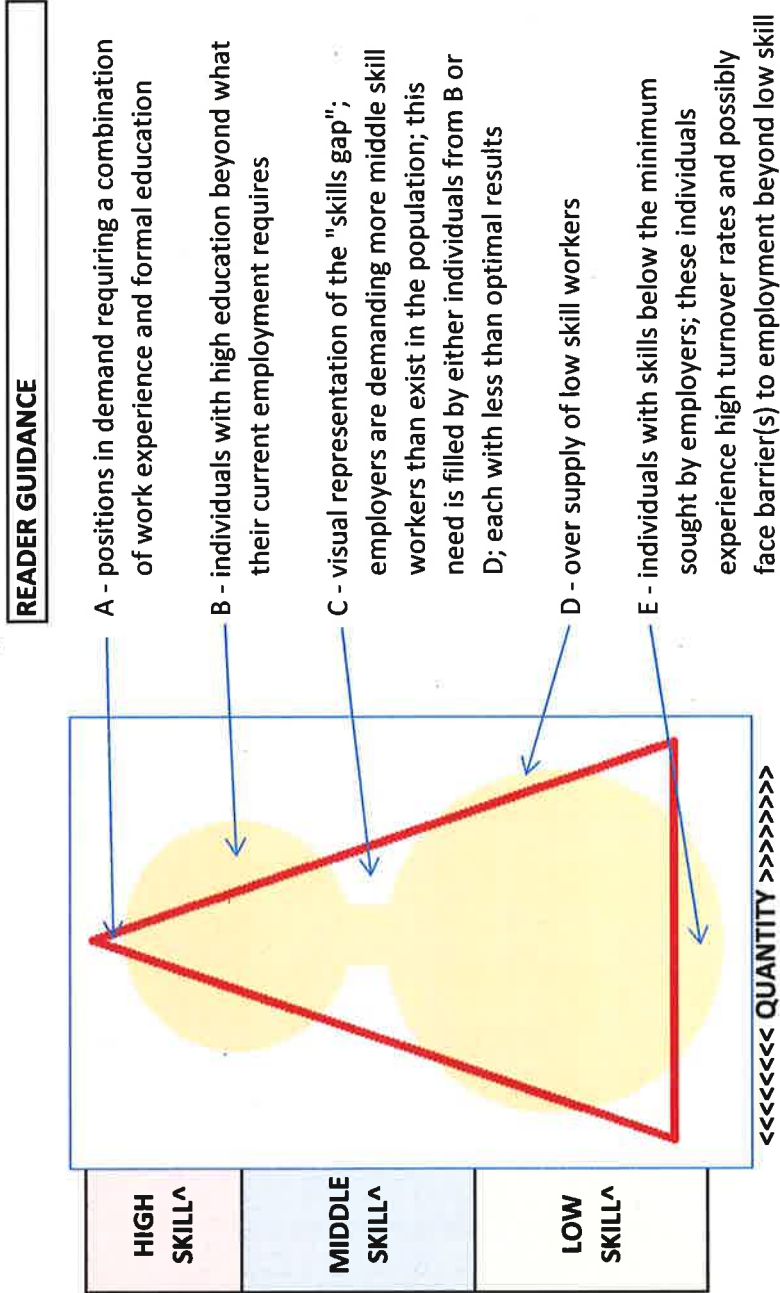


Labor Supply (beige) vs. Labor Demand (red) *



Notes

* - diagram not to scale

^ - "skill" based on formal education or/and certification

Table 1 – Current Levels of Labor Underutilization

**Alternative Measures of Labor Underutilization in Vermont
unemployment rate - four quarter average¹**

Time Period	Measures					
	U-1	U-2	U-3 ²	U-4	U-5	U-6
4th Quarter 2016 - 3rd Quarter 2017	1.0	1.5	3.1	3.2	3.8	6.3
3rd Quarter 2016 - 2nd Quarter 2017	1.0	1.6	3.3	3.4	4.0	6.6
2nd Quarter 2016 - 1st Quarter 2017	1.0	1.6	3.3	3.4	4.1	6.8
2016 annual averages	0.9	1.6	3.3	3.4	4.2	7.1
2015 annual averages	1.1	1.8	3.6	3.9	4.7	8.2
2014 annual averages	1.4	2.2	4.2	4.5	5.1	8.8
2013 annual averages	1.7	2.2	4.3	4.6	5.3	9.3
2012 annual averages	2.1	2.9	5.1	5.4	6.3	11.0
2011 annual averages	2.5	3.6	5.8	6.1	6.8	11.6
2010 annual averages	2.8	3.9	6.2	6.6	7.3	12.5
2009 annual averages	2.9	4.1	6.5	6.8	7.5	11.8
2008 annual averages	1.5	2.6	4.9	5.1	5.8	9.1
2007 annual averages	1.2	1.8	4.0	4.2	4.8	6.9
2006 annual averages	1.0	1.9	3.6	3.8	4.2	6.4
2005 annual averages	0.9	1.8	3.5	3.6	4.4	6.6
2004 annual averages	0.9	2.0	3.7	3.8	4.3	7.1
2003 annual averages	1.4	2.6	4.6	4.8	5.4	8.0

source: U.S. Dept of Labor, Bureau of Labor Statistics, www.bls.gov/lau/stalt.htm

1 - The alternative measures for states are analyzed on a 4-quarter average basis in order to increase the reliability of the CPS estimates, which are based on relatively small sample sizes at the state level, and to eliminate seasonality. Due to the inclusion of lagged quarters, the state alternative measures may not fully reflect the current status of the labor market.

2 - The U-3 unemployment rate shown is derived directly from the CPS. Vermont's official estimate is developed from statistical models that use the CPS and data from other sources to greatly improve the reliability of the labor force and unemployment estimates at the state level. As a result, the U-3 measure may differ from the official state unemployment rate for the same period. The official model-based annual averages for 2011 will be released on February 29, 2012.

Alternate Measure Definitions

U-1:

Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.

U-2:

Job losers and persons who completed temporary jobs, as a percent of the civilian labor force.

U-3:

Total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate).

U-4:

Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.

U-5:

Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers.

U-6:

Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

Terms

Civilian Labor Force:

Those who are working or actively seeking work (in last four weeks) who are not in the military or institutionalized.

Unemployed:

Do not have a job, but are actively seeking work (in the last four weeks).

Marginally attached workers:

Persons who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the recent past.

Part-Time for Economic Reasons:

Those who want and are available for full-time work but have had to settle for a part-time schedule.

Last updated: 10/27/2017

Table 2: Average Weekly Hours - Private VT Employees

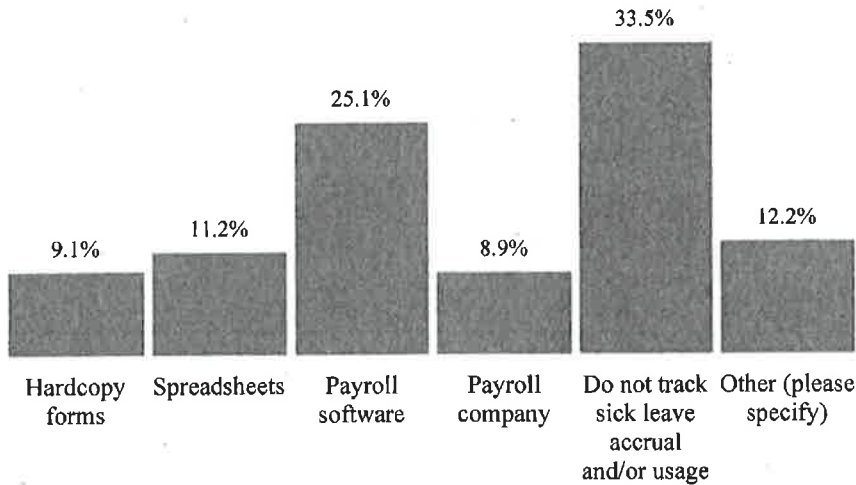
Year	Hours	Change	
		Nominal	Percent
2008	34.4		
2016	33.4	-1.0	-2.9%

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics;

Sick-leave accrual tracking

The new law will require Vermont employers to track leave to ensure that their employees are receiving the legally mandated sick time. Approximately one-third of responding employers reported not tracking the amount of sick time provided to their employees.

Figure 4: Percentage of employers by preferred leave-tracking method *



*among respondents who offer formal or informal earned sick time
 n = 2,051

Employer Expectations

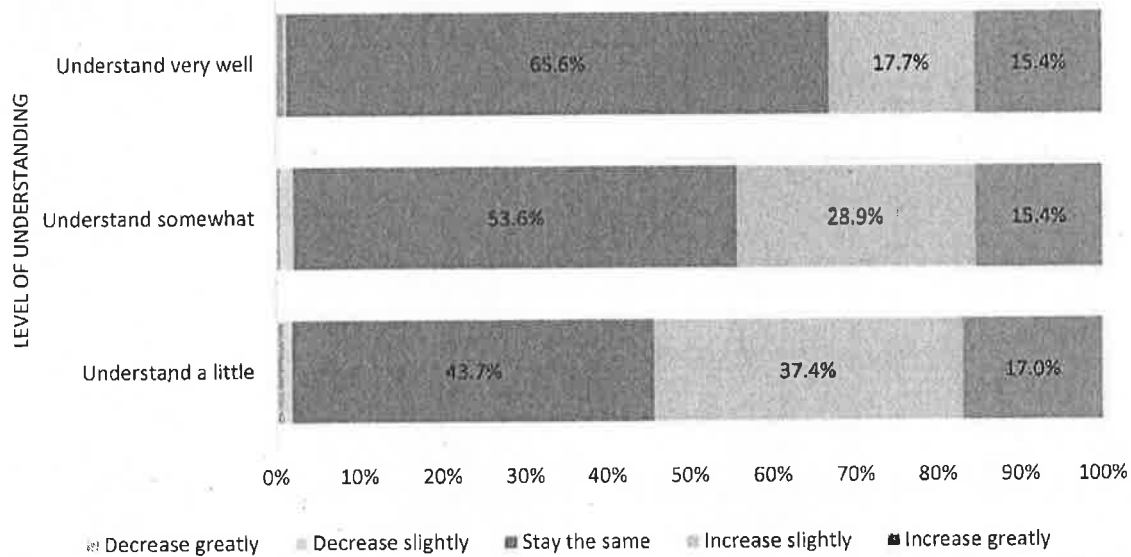
Table 4: Employer expectations after the implementation of the sick time law.

Percentage of Employers	Decrease greatly	Decrease slightly	Stay the same	Increase slightly	Increase greatly	Total Responses
Operational costs	0.7%	1.2%	55.3%	27.4%	15.5%	3,122
Employee productivity	3.6%	8.5%	83.8%	3.4%	0.7%	3,093
Employee morale	1.0%	1.6%	83.6%	12.4%	1.4%	3,093
Employee absences	0.8%	1.0%	71.4%	18.3%	8.4%	3,108
Employees sick on the job	1.7%	10.8%	80.1%	5.2%	2.2%	3,089
Employee turnover	0.6%	1.8%	94.1%	2.3%	1.2%	3,088
Disputes over leave time	0.8%	1.3%	85.0%	8.9%	4.0%	3,068

Regarding future expectations, employers reported “stay the same” at least 80% of the time for five of the seven categories (see Table 4 above). A significant number of respondents expected changes to operational costs with 27.4% of respondents expecting operational costs to increase slightly and an additional 15.5% expecting them to increase greatly. Additionally, 26.8% of participating employers expect employee absences to increase slightly or greatly.

It appears that as the understanding of the law increases (Figure 2 above) the expectation it will increase costs (Table 4) declines. Among those who report understanding the law very little, 54.4% expect it will increase costs. Among those who report understanding the law very well, only 33.1% expect it to increase costs as displayed in Figure 5 below.

Figure 5: Anticipation of operational cost change by reported level of understanding*



* Excludes employers who already offer leave to all of their employees and those with no understanding of the law
n = 1,317

Approximately 50% of all respondents indicated they do not anticipate increased costs as a result of the new law. Among employers that expect increased costs, the most popular response to the anticipated cost increase will be to reduce future pay raises (29.3%) or to increase prices (24.1%). The third most common option reported is to take sick-leave expenses out of profit margins.

Response to Changes in Costs

Table 5: Employers expected response to increased costs (multiple responses allowed)

Statements	Count of Employers	Percent
Smaller wage increases	877	29.3%
Increase prices (i.e. shift costs to consumers)	722	24.1%
Reduce profit margins	528	17.6%
Reduce weekly hours of employees	402	13.4%
Reduce other benefits	373	12.5%
Limit expansion within Vermont	358	12.0%
Decrease number of employees	336	11.2%
I don't anticipate increased costs	1,493	49.9%

EMPLOYER NET CONTRIBUTIONS COLLECTED PER COVERED JOB

