

## INTRO

For the record, my name is Lisa Ventriss, President of Vermont Business Roundtable. Today I am joined by my colleague, Mary Anne Sheahan, Executive Director of Vermont Talent Pipeline Management project.

Thank you for the opportunity to be with you today.

I will provide a brief overview of the Roundtable and our policy priorities for the legislative session. Mary Anne will provide you with information about how VTPM is directly addressing the workforce skills gap in our economy.

## OVERVIEW

The Roundtable is a nonprofit, nonpartisan organization of 100 CEOs from Vermont's top private and nonprofit employers, representing geographic diversity and all major sectors of the Vermont economy. We are committed to sustaining a sound economy and preserving Vermont's unique quality of life by studying and making recommendations on statewide public policy issues.

We were organized in 1987 as a civic welfare organization to provide “more light than heat” on critical issues affecting Vermont. Through research and analysis, communication and collaboration, the Roundtable seeks to shape the policy agenda for the state to benefit all Vermonters.

Increasingly, the Roundtable is concerned with employers' outlook toward the state's overall business climate.

In our most recent quarterly VBR/EPR Business Conditions Survey, conducted jointly with economist Jeff Carr in January, we ask a series of questions focused on their experience and outlook on sales, capital spending, and hiring. Our most recent findings show:

- More than 60 percent of respondents shared negative outlooks specifically with ease of hiring for available positions (64%);
- A supermajority of respondents expressed a neutral or negative outlook about the state's overall business climate (80+%);
- When asked, “Are you more or less optimistic about the general business climate in your sector compared to three months ago?”, the responses were largely neutral or negative.

Members also have increasingly reported the challenges their workers have with finding adequate child care placements for their children, and the implications that poses for their workforce.

It is these issues, among others, that shape our policy priorities for this session.

## INVESTING IN HUMAN CAPITAL

### ECL

For close to 20 years, the Roundtable has championed investments in Early Childcare and Learning as the smartest possible economic development strategy for Vermont. In the near-term, it directly eliminates a barrier to workers joining or staying in the workforce. In the long-term, it gives children the best possible beginning to become lifelong learners and productive members in the workforce and in society.

In 2017, the Roundtable and partners underwrote an important economic impact analysis – Vermont’s Early Care and Learning (ECL) Dividend - that focused on the potential benefits if current ECL programs were expanded to full day or full year, quality of programming was enhanced, and public funding was extended to also address the needs of children birth through age 2 likely to need care, per the recommendations of the Blue Ribbon Commission on Financing High Quality, Affordable Child Care.

The analysis showed that society would receive over \$3.00 for every additional dollar invested by Vermont’s government in the expansion of ECL programs.

This year, the Legislature will have the opportunity to consider a bill intended to:

1. Strengthen and Make the Child Care System Affordable for Vermont Families by improving the Child Care Financial Assistance Program (CCFAP);
2. Sustain and Grow Vermont’s Early Childhood Workforce by launching a student loan repayment program and provide tax credits to workers;
3. Engage Employers by offering refundable tax credits to help businesses launch, sustain or grow child care supports for their workers.

The Roundtable believes it is time to take these next important steps to build an early childcare and learning system that provides access to high-quality, affordable childcare for all Vermont families. It is good for families and their children, and for Vermont’s economy.

### K-12, ADULT EDUCATION

Organizationally, we dedicate ourselves to youth and adult students across the entire Career Progression Spectrum from Career Awareness to Full Productivity and Retention.

- Annually, the Roundtable’s Nordic Education Scholarship supports the development of technically-skilled workers by providing financial support for youth and adult students pursuing two-year technical degree programs.
  - More than 50 scholarships totaling \$300,000 have been awarded over the last decade.
- Our New Medallion Award recognizes innovative leadership by educators to develop meaningful experiential learning programs and opportunities linking students with businesses. Monetary awards support their school/community initiatives.

## SUSTAINABLE FISCAL POLICY – PENSION REFORM

At the latest economic outlook conference hosted by VT Chamber of Commerce, presenters gave an overview of the Vermont fiscal condition, which was worrisome on many levels.

The Federal Reserve Bank of Boston flagged Vermont as among 15 states with “elevated risks” of fiscal distress in a recession. (If economists are to be believed, then we’ve got a couple years before entering a recession.)

- Insufficient reserves
- High degree of revenue volatility
- High levels of fixed costs (e.g., pensions)
- Lack of economic base to generate new revenues

At the most recent E-Board meeting, economist Jeff Carr, cautioned policymakers about Vermont’s economic outlook, saying "It wouldn't take much to push us over the edge," Carr said. "Volatility and instability are back," Carr said. Business hates instability and volatility, as evidenced by my previous remarks on the Business Conditions Survey.

- IRS data show that between 2012-2016, 4,100 taxpayers have left VT
  - They took \$270M in AGI with them = \$30M in state tax revenues.

For over a decade, David Coates has been the Roundtable’s chief spokesperson on the state of Vermont’s public pension and retiree health benefit programs. And during that time, the trends have declined:

- First time (in history?), VT’s balance sheet has a negative net worth (due to GASB rules re: pension liabilities)
  - Resulted in the loss of our Triple A bond rating
- Since 2009, participants have grown 17% (4,800 active and retired)
  - By contrast, population growth has been stagnant
  - 33,500 participants now cost VT 15% of its revenue to support programs
- Total state and teacher pensions grew \$73M last year,
  - Adds \$5-6M to our Annual Required Contribution

With the Chair’s permission, I’d like to suggest that representatives of our Pension Reform Task Force come before the committee on another date to present their analysis and recommendations on how to go forward.

Thank you for your attention.