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T E S T I M O N Y

To: House Committee on Commerce and Economic Development
From: Sarah Buxton, Director of Workforce Development, Department of Labor
Date: March 18, 2022
Subject: VDOL Testimony regarding H.703

The Vermont Department of Labor strongly opposes the reduction in investment for the regional workforce expansion system. Expanding and supporting workforce development is of utmost importance right now, and we lack the state resources to perform key work that has been assigned to us. That said, I'm proposing this scaled back initiative.

Sec. 5. REGIONAL WORKFORCE EXPANSION SYSTEM

(a) Findings

- 1) Vermont is experiencing an acute labor shortage in 2022 with over 25,000 posted job openings and just 8,000 individuals collecting unemployment. The Vermont department of labor estimates that the workforce has shrunk by 24,000 individuals from 2019 to 2022, yet the unemployment rate is just 2.9% as of February 2, 2022. The workforce participation rate has fallen from 66% to 60.6%.
- 2) The Vermont Department of Labor receives 70% of its funding from federal sources which constrain the Department and its employees from adjusting its work to meet immediate needs.
- 3) The federal funding for field staff in the Workforce Development division of the Vermont Department of Labor has declined significantly over the past 20 years, supporting 75 persons in 2022 as compared to 135 persons in 2003. The state has not appropriated funding to support those staff positions.
- 4) Though Vermont has a small population, the unique characteristics of its region's employers, educational institutions, demographics and socioeconomic conditions make it best to address efforts to connect individuals with training and job placement on a regional basis.



(a) Regional Workforce Expansion System. The amount of \$1,500,000.00 is appropriated from the General Fund to the Department of Labor for a ~~two-year~~ pilot program to launch and lead a coordinated workforce expansion system to work to accomplish the following statewide goals:

- (1) Increase the statewide labor participation rate.
- (2) Decrease the number of open positions reported by Vermont employers, and
- (3) Increase the wages of workers as they transition to new jobs.
- (4) Increase job preparedness.

In order to meet the goals as stated above, the Vermont Department of Labor shall use allocated funding to:

- (1) create new capacity to address and support state activities related to workforce development, expansion, and alignment,
- (2) focus on overarching goal of helping workers find jobs and employers find workers,
- (3) support employers in communicating and tailoring their work requirements, conditions, and expectations to better access local workers;
- (4) collaborate with local education and training providers and regional workforce partners to create and regularly distribute data related to local labor force supply and demand; and
- (5) create and share work-based learning and training opportunities with secondary and postsecondary students, local workforce expansion partners, and others interested in starting or advancing in their career.

(b) System infrastructure.

(1) The Vermont Department of Labor shall make investments in systems that improve and expand regional capacity to connect supply (workers) and demand (employment) in real-time and will hire eight full-time, limited-service employees with funding allocated to perform the work described in this section.

(2) The Department shall place five Workforce Expansion Specialists, one in each of Division's five regions, ~~six state-funded who are limited-service, full-time employees and who shall~~ report to the Workforce Development Division.

(c) Coordination.

(1) The Department shall ~~co-~~convene one or more regular, regional meetings of education,

training, business, and service provider partners; coordinate local workforce information collection and distribution, ~~assist with pilot projects, provide targeted sector support,~~ and **assist in developing** localized career resources such as information for career counseling, local job fairs, career expos, available to a wide range of stakeholders.

(2) Regional workforce specialists shall include community partners who directly serve mature workers, youth, individuals with disabilities, individuals who have been involved with the correction system, BIPOC Vermonters, New Americans, and other historically marginalized populations in efforts to align service delivery, share information, and achieve greater employment outcomes for Vermonters.

(3) The Department shall develop labor market information reports by CTE district to support discussion and decision making that will address local labor market challenges and opportunities and support a regional approach to solving local or unique labor supply challenges.

(d) Interim Report. On or before January 15, 2023, the Department shall provide a narrative update on the progress made in hiring staff, establishing interagency agreements, developing regional information exchange systems, and **supporting state level work to expand the labor force serving jobseekers and employers** to the House and Senate Committees of Jurisdiction. ~~The report shall also recommend ongoing metrics in (d) above that can be easily recorded and reported at the local and State levels in.~~

(f) Implementation. The Department of Labor shall begin implementing the Regional Workforce Expansion System on or before August 1, 2022.

Draft Budget Detail:

| Activity | Expense Detail | Total |
|---|--|--------------------|
| Regional Workforce | \$125,000 x 5 FTE | \$625,000 |
| Expansion Specialists | | |
| Regional Program Oversight | \$150,000 x 1 FTE | \$150,000 |
| Systems Specialists | \$150,000 x 2 FTE | \$300,000 |
| Outreach, Materials, Supplies | Local Labor Resources, Pipeline Development Projects, Outreach, Events | \$350,000 |
| Added Salary Resources for Existing Staff (Labor Market Information, Outreach, Integration) | Specialized Data Projects, Employer Toolkits, Career Pathways and Pipeline Development, Integration with New American & New Vermonter Assistance | \$75,000 |
| TOTAL | 8 FTEs and work | \$1,500,000 |