



Vermont Businesses
for Social Responsibility

January 19, 2022

House Committee on Commerce and Economic Development
Vermont State House
115 State Street
Montpelier, VT 05633-5301

Dear Representatives,

On behalf of Vermont Businesses for Social Responsibility, thank you for the opportunity to offer testimony on the issue of workforce development in Vermont. Strengthening our workforce has been a longstanding issue for our brave little state and while VBSR's member businesses and nonprofit organizations have typically enjoyed above average worker attraction and retention, the impacts of the COVID-19 pandemic have exacerbated this crisis to the point that our employers are experiencing these issues at every level of their businesses—from entry level through mid-level and managerial positions.

A Commitment to Livable Jobs

As you may know, VBSR's core mission is to leverage the power of business for positive social and environmental change. Our diverse membership represents all sectors and geographic regions of Vermont, from sole proprietors to the largest employers in the state, all united in our shared commitment to the triple bottom line of people, planet, and prosperity. As socially responsible business leaders, VBSR members pride themselves on running employee-first workplaces with livable jobs—offering robust benefits, competitive wages, and other supports to ensure their workers are happy, healthy, and justly compensated for their work. For example, roughly 90% of our members offer flexible work schedules, 83% offer paid sick leave, 80% offer health insurance coverage, 50% offer paid family leave, 28% offer employee stock ownership, and 20% offer child/dependent care subsidies.

They do this because they recognize that people who come to work knowing their children are well cared for, that they will be able to pay their bills, and who are respected and valued by their employers, are people who will strengthen and grow our economy for the long term.

Feedback from VBSR Members

Despite their commitment to livable jobs, our state's workforce woes are driving many of our members to their limits. In talking with the 675 diverse members of Vermont Businesses for Social Responsibility (VBSR) – of varied industries, geographies, and sizes – VBSR has developed a framework for understanding Vermont's current workforce crisis, which is mirrored nationally:

1. Inadequate Social Infrastructure (housing, childcare, healthcare, transportation)
2. Wages/Compensation are too low given the cost of social infrastructure and the "benefits cliff"
3. Barriers to Employment (caretaking responsibilities and lived experience, such as formally incarcerated/criminal history, in recovery or current substance use, transitioning from military to civilian life, intellectual and physical disabilities, and mental and physical health challenges)

4. Work Culture Not Supportive of Non-Dominant Identities (women and non-binary, Black, Indigenous, and People of Color, All Ability, LGBTQ+, older workers and other marginalized and underrepresented identities, including those related to class and religion)
5. Actual/Perceived Employer Bias in Hiring
6. Inadequate Education & Training (Illiteracy, limited English Language proficiency, lack of required credentials - including GED - and required abilities/skills, such as listening, following directions, problem solving, time management, and teamwork)
7. Actual/Perceived Risk of COVID Exposure
8. Disconnect Between Interests/Willingness of Labor Pool and Available Jobs
9. Number of Working-Age People in Vermont (typically measured as age 18 or 25 through 64)

Notably, few of these factors are dependent on individuals in the labor pool changing their behavior, but rather major systemic changes in the conditions created by government, employers, and communities. The COVID-19 pandemic has only exacerbated these challenges and the ensuing economic fallout has put our social contract out of balance. Household buying power is on the decline, the cost of housing is skyrocketing, and key social supports remain out of reach for countless Vermonters. Our most recent membership survey confirmed these assertions, with the availability of affordable housing ranked as the top barrier to success followed by the cost of health care, access to affordable and high-quality childcare, and Paid Family Leave. When taken together, these challenges have created a workforce crisis decades in the making.

For the purposes of today's testimony, I will be focusing namely on near term investments in training and education as well as the social infrastructure to allow Vermonters to get to work.

Training & Education

VBSR will continue to work with our members and partners to address these interrelated issues through systems-level change, including a collaborative revisioning of Vermont's workforce system that reflects a post-COVID reality and our current labor market: high unemployment and a high number of job openings - 23,000 as of Governor Scott's 2023 Budget Address. Accepting where the current system has succeeded and failed will be key, as will be increased communication and coordination across the workforce landscape (while training may be industry specific, the challenges are largely not), and training near-term and future workers where they already are – in high school, on the job, in their communities, and in incarceration. Funding programs that support and subsidize training in these areas, such as the Vermont Training Program, present us with the best near-term opportunity to build and upskill our workforce.

Childcare

In the workplace, parents are struggling to balance childcare and work—resulting in absenteeism, tardiness and distractions at work. More broadly, childcare access and affordability challenges force many parents to leave the workforce altogether—costing them their salary, potential wage growth, and retirement savings, not to mention taking away from household buying power. Over time, a parent who leaves the workforce loses up to four times their annual salary per year and too often that burden falls on working mothers.

Employers need talented, focused, and reliable employees – the lack of access to affordable and high-quality childcare is a major hindrance to maintaining that workforce. As you may recall, a survey issued by VBSR and Mainstreet Alliance of Vermont back in 2020 indicated that 42.7% of business owners cited lack of childcare as a challenge for their employees' ability to return to work. This not only creates an additional burden on our businesses during an already challenging time, but it also exacerbates historical gender inequities within our state as women are disproportionately impacted when it comes to caregiving. Several Vermont businesses

have taken it upon themselves to expand or offer new family-friendly policies to overcome these challenges—including paid parental leave, flexible work schedules, childcare subsidies, and on-site daycare.

While the businesses offering these benefits are experiencing considerably less workforce retention and recruitment issues. Unfortunately, providers are trying to contend with a workforce crisis of their own; as low wages, few benefits, and increased health risks due to the pandemic are taking their toll. In a recent survey of child care and early education programs in Vermont, 71% of centers reported experiencing staffing shortages. Their difficulties in attracting and retaining qualified staff—the single most important indicator of quality in childcare—has created a statewide childcare shortage that is impacting every facet of our economy. We must commit to building a more equitable and sustainable childcare system, one that is universally affordable, accessible to all, and values the tireless work and expertise of our early childhood educators.

For these reasons, VBSR implores this Committee to pursue the following initiatives as a means to attract and retain our essential early childhood educators:

- Launch an early childhood education recruitment campaign with the Vermont Association for the Education of Young Children. This would serve as an invaluable opportunity to recruit prospective early childhood educators and help existing ones explore professional development opportunities, career advancement, and utilize educational grants and scholarships.
- Incorporate early childhood education into the state's suite of workforce development programs. The state has employed several different workforce development initiatives, some targeting specific, high-impact sectors. Early childhood education should be identified as a key industry across all programs.
- Provide workforce retention bonuses for early childhood educators. With the average child care provider earning less than \$15/hour, many early childhood educators are either pursuing positions in public education or leaving the field all together in pursuit of better wages and benefits. In fact, 71% of early childhood educators in Vermont reported compensation as their main recruitment challenge and 64% low wages was the primary driver for educators leaving the field. Workforce retention bonuses offer an immediate opportunity to stabilize our child care workforce and provide relief and recognition to providers on the edge of total exhaustion. Additional bonuses should also be allocated for vacant positions, as they can be used as hiring bonuses.
- Ensure all early childhood educators working in Vermont have access to health insurance. Employer-sponsored healthcare is out of reach for many educators, yet they are at the frontlines of the COVID-19 pandemic. Offering navigator support and financial assistance to cover premiums would bolster access to affordable healthcare when they need it most.
- Utilize existing relocation grant programs and other benefits to encourage early childhood educators to relocate to Vermont and to retain the current workforce. Vermont's new worker relocation grant program can be utilized along with additional recruitment benefits that can also be provided to our current early childhood workforce as a retention bonus.
- Extend Vermont's student loan repayment support program to new early childhood educators to include those who have graduated with early childhood education degrees in the past 20 years.
- Offer free child care for the children of early childhood educators by extending CCFAP eligibility and benefits.

Housing

Vermont's housing crisis is undoubtedly one of the most pressing issues we've heard about from not only VBSR members, but from our friends and peers. Countless business and community organizations shared their struggles in attracting and retaining staff due to lack of middle-income housing. Some have told us they

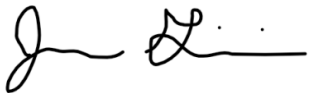
are unable to bring on new talent because they have nowhere to live. Others have shared stories of employees who are seeking opportunities out of state not for professional gain but simply because they either can't afford their current living spaces or cannot find new ones.

This impacts not only their day-to-day operations but our shared economy as well. Housing stock is extremely low meanwhile costs are skyrocketing—with many Vermonters spending at least a third or more of their income on housing. As these challenges continue to grow buying power in turn continues to decline—hurting not just working Vermonters but local economies. In fact, the average Vermont household's buying power in 2018 was no better than it was before the recession over 10 years ago. More recent data paints an even starker picture—according to the annual 'Out of Reach' report from the National Low Income Housing Coalition, the average Vermonter needs to earn nearly \$24 per hour to afford a safe, decent place to live in Vermont, however the average renter makes less than \$14 per hour—marking the sixth-largest affordability gap in the country.

Some businesses have taken it upon themselves to purchase housing and rent it to their workers while others are joining with fellow employers in capital campaigns to fund future affordable housing developments in their area. However, ultimately it will take significant state investment to bolster our rental housing stock and give working Vermonters an avenue to purchase an affordable home, so VBSR is urging the legislature to invest additional funds in key programs such as Vermont Housing Improvement Program, Vermont Housing and Conservation Board, as well as the newly proposed Missing Middle Home Ownership Development Pilot Program. Utilizing these programs to close the housing affordability gap would allow Vermonters to better participate in their local economies, including shopping for goods and services at local businesses and seeking career advancement and educational opportunities.

VBSR has been advocating for livable jobs and an affordable Vermont since our organization was founded over 30 years ago. We do this not only because it is the right thing to do but because it is an economic imperative. In combination with significant state investment in social infrastructure, we can create a more resilient, lasting workforce.

Thank you for your time and consideration,

A handwritten signature in black ink, appearing to read 'Jordan Giaconia', with a stylized flourish at the end.

Jordan Giaconia
Public Policy Manager