

**Economic Development
Legislative Initiatives
Governor Peter Shumlin
January 15, 2015**

In order help more Vermonters get to work and to help businesses get the skilled workers they need, the Shumlin Administration proposes to:

- Create an innovative public/private partnership to create a pathway for Vermont Technical College students to earn a free Associates Degree in Engineering Technology and a pipeline for Vermont employers looking for skilled employees. By building upon the current early college and VT Strong Scholars initiatives, and partnering with Vermont employers with job openings, interested students would receive both years of college for free, and secure a summer internship and a job upon graduation at a local business.
- Increase job training efforts to match Vermonters with current job openings and areas with projected job growth. This will include more than \$4.2 million Next Generation Fund dollars and more than \$5 million new federal dollars to engage in workforce training working with the University of Vermont, Vermont Technical College, Community College of Vermont, and Vermont HITEC.
- Invest in initiatives to build on the current success of the VEGI Program, including:
 - Removing the \$1 million cap for special projects outside of Chittenden County.
 - Tying qualifying wage rates to regional economic differences, enhancing the ability of companies to qualify for job creation support.
 - Enabling companies to use VEGI dollars earlier for training new hires.
- Use a portion of increased revenue above budget projections, up to \$750,000, from the rooms and meals tax to boost tourism and marketing and promote our remarkable Vermont businesses.
- Support for GlobalFoundries after sale and approval, including possible use of the Vermont Enterprise Fund, as the company takes over the operation of a critical economic engine for Vermont and continues to grow Vermont jobs as it seeks to become the worldwide leader in chip R&D and radio frequency silicon chips – needed in every wireless device used around the world.

Linking Education to Employment

Free Associates Degree in Engineering Technology at Vermont Tech

The current Vermont Academy of Science and Technology (VAST) allows students pursuing STEM education to take their first year of college for free at Vermont Tech while completing their high school degree. This new initiative will build on VAST by partnering with employers to

“sponsor” VAST students by providing an internship in the summer after the first year of college to allow that student to gain critical work skills and then paying for the following semester’s tuition (approximately \$5000) in their sophomore year. Upon graduation, if the student stays and works in the state, the student can have his or her final semester of tuition reimbursed through the Vermont Strong Scholars program.

Vermont Strong Scholars

Vermont Strong Scholars was passed in the 2014 Legislative Session to ensure Vermonters can afford college and encourage them to pursue disciplines that can lead to high demand, high skill, and high wage professions with Vermont employers. Students who meet the eligibility requirements can have their final year (four year degrees) or final semester (Associate’s Degrees) paid back through forgiveness of their VSAC Vermont Advantage Loan. This program helps link Vermonters to Vermont schools and Vermont businesses, supports our colleges and universities and encourages students to work and live in Vermont after graduation.

Eligibility Requirements

- Vermont resident
- First-time college student
- Full-time college student (finish Associates Degree in no longer than 3 years and four-year degree in no longer than 5 years)
- At UVM, a Vermont State College, or a VT Independent College
- Graduating in an eligible major as determined by ACCD for two and four-year degrees
- Remains in Vermont to work after graduation
- Works in an eligible sector as defined by ACCD
- Has a VSAC Vermont Advantage private loan

Training Programs

Vermont Training Program

The Vermont Training Program(VTP), housed in the Agency of Commerce and Community Development, partners with employers and training providers to train Vermont's employees for the jobs of tomorrow. VTP provides performance based workforce grants for: pre-employment training, training for new hires and incumbent workers. Training can either be on-site or through a training provider/vendor. Grants may cover up to 50% of the training cost.

The VTP has been assisting with the training of Vermont’s employees for over 30 years. In FY14, the VTP served over 2,000 Vermonters. Data collected by the Vermont Department of Labor shows that those employees who participate in VTP trainings see a wage increase.

In fact, in FY13 those served by the VTP saw a median quarterly wage increase of 10.6% post training while the statewide average wage only increased by 0.1%

As of August 2014, the VTP has taken its longstanding record of success and moved the program to the next level. Going forward the VTP will leverage its \$1.3M grant budget to serve Vermonters in a broader spectrum of industry sectors and will further increase flexibility and collaboration. To learn more please see: <http://accd.vermont.gov/business/start/training>

Next Generation Training Programs

The State's General Fund appropriates \$3.2M for the "Next Generation" programs. That funding supports a wide variety of objectives, including employer-based job training; K-12 career advancement; access to college; provision of medical career training to employment-challenged populations; secondary & postsecondary internships; adult and incumbent worker skill training; and support for entrepreneurs, product innovation and economic development. The money is allocated as follows:

1) Workforce Education & Training Fund (VDOL): \$1,017,500

The WET Fund supports partnerships with Vermont employers, educators and training providers to meet the goals of: (1) Direct training of the available workforce to enable the State to recruit new employers to Vermont; (2) saving jobs from moving out of Vermont; (3) customized training to match Vermont job seekers with actual job openings of Vermont employers; (4) skill training to allow a Vermont employer to expand if it is clear that new jobs will result; (5) supporting key initiatives such as high school and college internships; (6) job training programs to assist Vermonters with significant employment barriers; (7) Career Readiness Certificate to resolve skill deficiencies and (8) Career Exploration for students.

2) Adult Technical Education (VDOL): \$360,000

These are accessible, low-cost programs of the Regional Technical Centers. The Centers are integrating their curriculum to meet the regional workforce needs.

3) Tech Transfer (UVM): \$100,000

This program has demonstrated success in the innovation of products with market potential and works closely with VCET on moving innovations to market.

4) Vermont Center for Emerging Technologies (ACCD): \$100,000

This program has demonstrated success in supporting entrepreneurs through the start-up phases and can demonstrate the creation of jobs and additional demand for skilled workers.

5) Area Health Education Centers Loan Repayment (AHEC): \$300,000

This money supports critical skills in health occupations, and to attract & retain skilled health professionals.

6) Non-Degree Grants (VSAC) \$494,500

The program provides tuition assistance grants to individuals who meet eligibility requirements - scholarships for non-college credit programs offered by non-profit organizations, proprietary schools, unions, and Regional Tech Center Adult Ed programs.

7) National Guard Educational Assistance (VSAC) \$150,000

This is tuition assistance to Vermont National Guard troops.

8) Dual Enrollment: \$600,000

Dual enrollment programs and flexibility in learning environments are essential to the success of many Vermonters. Dual enrollment provides a way for students to earn college credit while in high school. College classes can be taken through the VSC, UVM, and several

private colleges that have chosen to participate, and include substantial tuition discounts. The model has proven particularly effective at raising the aspiration of non-college bound and first-in-family students.

10) Large Animal Veterinarians Loan Forgiveness (Agency of Agriculture) \$30,000

This is a loan forgiveness program for large animal veterinarians to meet demonstrated regional needs defined by the Secretary of Agriculture.

11) STEM Incentive Payments (ACCD) \$141,000

This program is no longer allowing enrollments, but needs funding for those enrolled and for whom the incentive payment has been committed.

Apprenticeship Programs

The State of Vermont General Fund also funds the VDOL statewide Registered Apprenticeship Program, which currently has 1,000 apprentices who are earning the trade/occupation salary while learning the skills of the job. There are currently over 30 apprenticed occupations available for enrollment in Vermont. There are also many opportunities for pre-apprentice and industry credentials through partnerships with VDOL, UVM, Vermont State Colleges, and approved-training providers.

Job Growth Incentive Programs

Vermont Enterprise Fund

Created in 2014 and passed in the FY15 budget, the Vermont Enterprise Fund was created to allow the Governor, with approval of the Emergency Board, to provide economic and financial resources to businesses that demonstrate a statewide or regional economic or employment impact. The fund is currently at \$2.5 million. To qualify, a company must have been approved for or been eligible for other incentive programs offered by the state and be experiencing one or more of the following circumstances:

- A merger or acquisition that may cause the closing of all or a portion of its business or cause it to relocate outside Vermont.
- A prospective purchaser is considering the acquisition of an existing business in Vermont.
- An existing employer in Vermont, which is a division or subsidiary of a multistate or multinational company which may be closed or have its employment significantly reduced.

Vermont Employment Growth Incentive (VEGI)

The VEGI program provides a cash incentive for businesses in exceptional growth situations to encourage the creation of good paying jobs and investment in Vermont that otherwise would not occur here. In so doing, it generates new revenue to the state to support other programs. Applications are reviewed by the Vermont Economic Progress Council for consistency with nine program guidelines, including the quality of the jobs, and a rigorous cost-benefit analysis is

performed to calculate the level of new tax revenue a project will generate for the state. The Council also must determine that a project would not occur or would occur in a significantly different and less desirable manner if not for the incentives being authorized. Therefore, the projects generate new state tax revenues that would not have been realized. Those revenues pay the incentives and will generate net new tax revenue for Vermont.

To earn the incentives, authorized companies must meet wage thresholds, payroll, employment and capital investment performance requirements each year. The incentive is earned and pays out to the company in five annual installments, only if the Tax Department determines that the performance requirements are met and maintained.

In 2014, VEPC authorized incentives totaling \$4.7 million for eight companies, six of them long-time Vermont manufacturers, one new to Vermont providing well-paying work-at-home jobs, and one a start-up providing meat processing services for Vermont farmers. Four of the projects started in 2014 and four will start in 2015. Four of the projects are in Chittenden County: Keurig Green Mountain, Blodgett, Flex-A-Seal, and Twincraft. The others are Vermont Packinghouse in Springfield, Cabot Hosiery/Darn Tough in Northfield, National Hanger in North Bennington, and Precyse Solutions is statewide.

These projects will create 708 new full-time jobs between 2014 and 2019, generate \$15.3 million in new payroll, and the companies will invest \$136 million in Vermont. Even after the payment of the incentives, the State will realize \$2.4 million in net new revenue.

Financing Programs

Entrepreneurial Loan Program

The Entrepreneurial Loan Program was created in 2014 under Act 199 as a means to provide new and growing Vermont- based businesses access to working capital and capital-asset financing. The program is administered through the state's lending institution, the Vermont Economic Development Authority (www.veda.org) and is aimed at businesses in seed, start-up or early growth stage who do not meet the underwriting criteria of other public and private entrepreneurial financing source. To qualify, businesses should have innovative products or services that have the potential for long-term organic growth and must demonstrate potential to create/retain employment opportunities for Vermonters. The proceeds may be used to purchase of capital assets and/or working capital or to refinance existing company debt in early stage companies in certain cases. The term of the low-interest loan is based on assets being financed. Preference may be given to

- Businesses that create jobs in strategic sectors, such as the knowledge- based economy, renewable energy, advanced manufacturing, wood products manufacturing, and value-added agriculture.
- Businesses located in a designated downtown, village center, growth center, industrial park or other significant geographic location recognized by the State.

- Businesses that adopt energy and thermal efficiency practices in their operations or otherwise operate in a way that reflects a commitment to green energy principles.
- Businesses that will create jobs that pay a livable wage and significant benefits to employees.

Vermont Small Business Offering Exemption

Authorized in 2014, the Vermont Small Business Offering Exemption allows Vermont businesses and start-up companies to raise up to \$2 million in capital by selling shares in their company to in-state investors. The regulation allows for a simplified process to reduce the regulatory burdens and costs usually associated with securities registration.

Traditionally, federal and state securities laws have limited investments in small businesses to wealthy individuals. VSBOE gives all Vermonters the opportunity to support their local entrepreneurs, existing and new small businesses. Participating businesses will be registered with DFR and will allow individual investors to purchase up to \$10,000 in stock equity from a single business. VSBOE also allows certain high net-worth individuals to purchase an unlimited amount of equity. For more information: <http://www.dfr.vermont.gov/press-release/vermont-small-business-offering-exemption-helps-small-businesses-raise-capital-promote>