

**Common Ground**  
Analysis of the CFED and CFV Economic Reports

Report prepared by GBIC

*Imagining Vermont: Values and Vision for the Future*  
Report of the Council on the Future of Vermont  
Published by the Vermont Council on Rural Development  
[www.vtrural.org](http://www.vtrural.org) and [www.futureofvermont.org](http://www.futureofvermont.org)  
(CFV)

*Vermont in Transition: A Summary of Social, Economic, and Environmental Trends*  
A Study prepared for the Council on the Future of Vermont  
Published by the Vermont Council on Rural Development  
[www.vtrural.org](http://www.vtrural.org) and [www.futureofvermont.org](http://www.futureofvermont.org)  
(VIT)

*Economic Vitality Security and Opportunity for all Vermonters*  
Report by the Commission on the Future of Economic Development  
Published by the Snelling Center for Government  
[www.snellingcenter.org/cfed](http://www.snellingcenter.org/cfed)  
(CFED)

## **Executive Summary**

### **I. The Case for a Plan**

Both the Commission on the Future of Economic Development and the Council on the Future of Vermont reports strongly recommend the creation of a unified and comprehensive economic plan. In fact, both reports establish that recommendation early, and the remainder of each report is based on the assumption that a plan will be created. Both reports argue that the absence (and/or perceived absence) of such a unified vision has been an impediment to our economy and will only continue to impede economic growth if left unaddressed.

### **II. “The Plan”**

As the CFED’s objective and charge was to create goals and benchmarks for an economic plan, its report discusses the recommended process for developing a plan in more depth than in the CFV report. The CFED recommends the creation of a “Comprehensive Economic Development Plan,” a broad-reaching vision that includes development plans for key areas (i.e. education, land use, branding). This is consistent with the recommendations of the CFV.

The CFED recommends the creation of a team to develop the Comprehensive Economic Development Plan, suggesting that members of this team represent all relevant state agencies and be at the agency Secretary level to maximize effectiveness. The CFV report indicates a need for increased efficiency and effectiveness in various areas and expresses need for an economic development vision; this is consistent with the CFED recommendations, though the CFV also notes that community consensus is an important component of a successful plan.

### **III. Policy and Regulation Reform**

This is one area where finding agreement poses a considerable challenge. The common ground between the two reports, however, is agreement that permitting and regulation are far too inefficient and cumbersome, especially for Vermont’s scale. Overlapping regulatory bodies significantly contribute to this problem, and overlap between state, regional, and municipal regulation must be addressed. Left untouched, this issue will continue to pose problems and raise challenges for balancing administrative efficiency and protection. Additionally, failure to address this will continue to affect affordability.

### **IV. Economic Development**

The CFED and CFV reports both recommend a fundamental recognition of the importance of entrepreneurial activity and supporting existing businesses, rather than placing the majority of Vermont’s economic development focus on luring new businesses to the state. Many Vermonters agree that “clean and green” businesses fit in with the existing (environmental) values and brand of the state. These businesses have the potential to greatly enhance the state’s economy, and also create jobs that draw and retain

young people to our state. The CFV report also urges the reduction of redundancies across the board (as well as increasing resource availability to small businesses and entrepreneurs); a point consistent with the CFED report's specific recommendation that a single portal be created by an Economic Development Planning Team connecting the Regional Planning Commissions and the Economic Development Corporations with other development resources and expertise.

## V. Infrastructure

### a. Human Infrastructure

The reports recommend that affordable and quality health care, housing, child care, and education are prerequisites to, rather than the result of, a strong economy. Whereas college readiness is roughly the same as workplace readiness, and the current Vermont education appears not to be meeting the need for either, a major overhaul of our education system and philosophy is needed. Focus on job skills and continuing education can help our labor pool and financial prosperity both for individuals and for our state. Our corrections costs must be addressed and our social programs should strive to break the cycle of poverty and incarceration. Health care will be a growing industry in Vermont, especially as our population ages further. Health care jobs are some of the best in the state, and our education system should accommodate the growing need for health care professionals. Many Vermonters wish to regionalize our emergency services to decrease costs while maintaining the current high level of quality. Housing costs and the general cost of living have been increasing rapidly, and affordable housing is necessary to support a thriving labor pool, however, our current community-and-village-oriented development should be maintained.

### b. Physical Infrastructure

Much of our physical infrastructure is deteriorating rapidly. Our transportation infrastructure is especially in need of renewal, and this renewal should be done with the environment in mind (i.e. bike lanes, public transit and passenger rail). Our transportation system should also better serve rural communities.

Our water and sewage systems will soon be in dire need of renewal. This major upcoming expenditure should be factored into plans for physical infrastructure, especially the creation of a restricted fund dedicated to infrastructure investment as recommended by the CFED.

### c. Digital Infrastructure

Both the CFED and the CFV stress the importance of universal access to affordable and reliable broadband and wireless communication networks and cellular service. The CFED urges that the previous commitment of 100%



broadband/wireless coverage in 2010 be honored, as our rural communities are underserved in this area.

#### VI. Energy

Both reports recommend shifting further away from an oil-based energy dependency. Producing more of the energy in our energy portfolio using local power sources has the potential to boost our economy, create jobs, and reduce our oil dependency. Additionally, producing this energy with renewable sources can make Vermont an innovator and leader in the field of renewable and local power generation.

#### VII. The Vermont Brand

Both reports stress the importance of the Vermont Brand: clean, quality products that lead the way in environmental and individual awareness. Brand development can significantly contribute to several key areas of the economy. Additionally, brand protection can prevent unfavorable commercialization, erosion of quality, and a loss of competitive advantage.

#### VIII. Conclusion

To minimize the negative effects of not already having a unified and actionable economic vision and plan for the state and maximize the competitive advantage of our image and resources, we must get to work developing the Vermont Comprehensive Economic Development Plan. This plan must include broad-scale initiatives (i.e. policy/regulation reform) as well as more specific plans to address key areas (i.e. education, transportation, infrastructure), all with the goal of supporting the healthy growth of our economy while maintaining the values and attributes that make Vermont is the great place that we call home.



## Common Ground

Vermont, like much of the country, is at a crossroads. While the economic conflict that has engulfed many of the world's economies seems to be ending and the painful process of rebuilding has begun, the need for actively preparing and delivering on actions to further our state has never been more fundamental to success. At a time when planning appears to be the most difficult and divisive due to conflicts of theory and philosophy, it also holds the potential to unify and galvanize Vermonters' needs and interests. Recognizing this potential, GBIC has drafted "Common Ground," a paper that examines areas of agreement between two of the most valuable and current reports in support of a unified economic plan. Our hope is that Common Ground can be a part of the conversation that moves comprehensive economic planning in our state forward in a meaningful way.

The first report driving the content of Common Ground began its life at the state level; in 2006 the Vermont legislature set about defining a process for the development of an economic plan, and the Commission on the Future of Economic Development was formed. With a public outreach process as the backbone of their research, the CFED condensed input from employers, stakeholders and public participants into a series of benchmarks and goals for analysis and action from state economists and legislators.

Nearly concurrently, in late 2007 the Vermont Council on Rural Development came to the realization that Vermonters were expressing concern about a lack of vision on a statewide level and proceeded to construct the Council on the Future of Vermont. Charged with synthesizing the vision of what Vermont is and should be from the eyes of Vermonters, the CFV ultimately created both a vision for Vermont and a comprehensive analysis of who we are right now ("Vermont in Transition").

GBIC has long been a proponent for the development of an economic plan that is definitive in its direction without being overbearing in its recommendations; independent in formation yet based on broad public input; measureable in success, but avoids setting goals without a means to reach them. To this end, we have set about examining these two papers to find the clearest areas of overlap between leadership and public demand. Rather than assessing the validity of individual recommendations, Common Ground identifies those areas of agreement between these reports; finding the areas where economic reality most clearly aligns with the vision Vermonters see as necessary to maintain the core values of our state.

For too long, we have lacked a successful unified and forward thinking economic vision and, as such, have come up short in developing a comprehensive economic plan. Part of the reason for this stems from disagreement between leaders and stakeholders. Common Ground seeks to avoid those areas of conflict by presenting the unified interests of these two reports. By focusing not on solving disagreement, but by moving forward through areas of agreement, this document can act as a vital step in moving towards a valid, comprehensive and unified economic plan.

## I. The Case for a Plan

Both reports discuss where Vermont stands today and both reports describe Vermont as a state without an economic plan, vision, or direction and report this is something Vermonters are (and should be) very concerned about.

“Many Vermonters from across the spectrum express concern and anxiety about the future of Vermont, particularly its long-term economic health. **This sense of unease is fueled in part by the perceived lack of a comprehensive economic vision for the future... [In the ideal future,] Vermont has a clear, detailed, and unifying economic development strategy that is consistent with the values that Vermonters hold dear.**”

- CFV report, pages 18-19 and 26

“Vermonters are very concerned about the current and future health of the economy and understand that our government’s policies affect the economy in both positive and negative ways. **They lack confidence that Vermont’s government has a clear vision of the future, and they worry that our government does not appear to have a coherent plan** to overcome the challenges we face or to recognize and capitalize on our unique strengths and opportunities... Specifically, **we urge the development of a unified economic development plan**, based upon the Report’s recommendations, **which is adopted by the legislature and implemented by the administration as official state policy.**”

- CFED report, pages 3-4

Most importantly, both reports establish that we need a plan. They also go so far as to suggest that much of the current uncertainty in economic direction is due to the absence of a plan and a perceived lack of partnership in developing a plan. The CFED report, largely because its basic purpose was to create goals and benchmarks for an economic plan, describes this in more depth. The CFED report says that despite the small scale and accessibility of our state government, “Vermont lacks a shared statewide vision of its economic future.” Because of this, and the lack of coordination between policies and agencies, economic vitality has been, and continues to be, hampered.<sup>1</sup>

## II. “The Plan”

Both reports recommend the creation of a broad-reaching and unified economic plan. The CFED report offers a fairly specific recommendation for how a Comprehensive Economic Development Plan should be developed.

“Establish an inter-agency Economic Development Planning Team at the Secretary level that has the responsibility of developing, adopting and implementing a statewide economic development plan with broad public input that integrates a regional land use and economic development plans, state agency plans, and the goals and recommendations of this Report into a single statewide Comprehensive Economic Development Plan... This

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<sup>1</sup> CFED report, page 9



statewide Comprehensive Economic Development Plan will be submitted to the state legislature for full endorsement.”

- CFED report, pages 9-10

Creating a Comprehensive Economic Development Plan that serves as the unifying umbrella for development plans for key areas is consistent with the CFV recommendations as well, so long as the smaller plans under the unifying Comprehensive Economic Development Plan umbrella address (at the minimum) education, physical infrastructure and transportation, digital infrastructure, human infrastructure, land-use and community development, energy, and government services. Those areas were all discussed in the CFV report in some depth, and significant challenges (and opportunities) exist within them.

“A strong plan with community consensus behind it can establish development priorities that serve the public good and... will also serve the private good by ensuring consistency and regularity in planning for development. Leadership should rally to make it so... Vermont needs to build a publicly supported development strategy in line with its values, assets, and brand identity – one that unites business, government, community, and non-profits under a shared set of goals.”

- CFV report, pages 26 and 28

A solid plan in each area, with oversight and organization under the Comprehensive Economic Development Plan umbrella and public input/buy-in will boost Vermont into a favorable economic position and maximize the vitality of our economy. This vitality does not need to come at the expense of our Vermont values, and it doesn't mean we need to compromise our environmental landscape or history in order to lay the foundation for a thriving economy.

GBIC has supported and actively advocated for the creation of a comprehensive economic plan as a means of coordinating state resources for the betterment of Vermont's future. Such a plan must encompass a broad understanding of more than just where we are as a state right now, and should move towards identifying areas in which success is most likely (within the framework of what we broadly understand as operating within the Vermont “brand”). Many previous efforts to produce economic plans have fallen short of this goal, instead returning ad hoc recommendations or short term goals. The planning model has been shown to be effective in generating coordination and progress for other states, and was instrumental in the formation of our own highly successful captive insurance model.

### III. Policy and Regulation Reform

Any attempt to reform permitting, zoning, and other policies will result in significant disagreement as stakeholders and leaders weigh the risks and benefits of specific details. The CFV notes that significant overlap and redundancies exist in overlapping and non-congruent regional and local systems for various services and functions, especially land-

use planning, courts, and local/regional governance. Not only are these redundancies expensive, they are confusing and inefficient.<sup>2</sup> The CFED heard very similar things from Vermonters during their outreach sessions. “Despite its small scale and accessible government... economic vitality in Vermont is hampered by a lack of coordination among state agencies, between regional economic development corporations and regional planning commissions, and among these regional entities and various state agencies.”<sup>3</sup>

The CFED also heard from Vermonters that “inefficiencies in our state and local regulatory and permitting programs, including a lack of coordination among state regulatory agencies and redundancies in state and local regulatory program have hampered economic development and investment in Vermont. Navigating the permitting process can be unnecessarily difficult, time consuming and expensive and many potential entrepreneurs and investors may simply give up.”<sup>4</sup> The CFV heard similar concerns. “Currently, the absence of coordination among levels of planning undermines [our land’s] utility and effectiveness. It is time for Vermont to advance a better-coordinated regional and statewide land-use policy.”<sup>5</sup>

To address these issues, the CFED recommends that an Economic Development Planning Team be the State’s representative in all permitting and regulatory processes to consolidate and streamline the State’s role in the permitting process. The CFED further recommends that substantive and procedural redundancies among local, regional and state regulations be identified and eliminated and, in recognizing the adverse effect that undue permitting delays have on development, all permitting processes be evaluated for performance and changed as necessary to fit into a time limit for regulatory and permitting decisions, measured from the date of the application to the date of issuance or denial.

The CFED recommends that all land-use, development and permitting rules/statutes provide for comprehensive permitting and pre-approval of specific growth centers and other sites critical for the development of housing and physical infrastructure, in the interest of the common good.<sup>6</sup> These recommendations are consistent with the recommendations of the CFV report, which urges that permitting redundancies be eliminated, the process be streamlined, and advocates for reforming regulations to ease investment in affordable housing and physical infrastructure.

As a general rule GBIC believes that regulation, particularly in the protection of our state’s environmental assets, is created with the honest intent of serving future generations of Vermonters. However, it is abundantly clear through testimony from current employers that a regulatory system that is neither responsive nor straightforward is a burden to success, and often fails to address the intended concern. GBIC continues to support further study and transparency in the regulatory system to ensure that the

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<sup>2</sup> CFV report, page 24

<sup>3</sup> CFED report, page 9

<sup>4</sup> CFED report, page 11

<sup>5</sup> CFV report, page 22

<sup>6</sup> CFED report, page 11



permitting process is successful in accomplishing its purported goals in a more time efficient manner without jeopardizing the employers who drive our state's economy.

#### IV. Economic Development

The CFED recommends recognition in the Comprehensive Economic Development Plan of the fundamental “importance of indigenous, small-scale, value added and land-based entrepreneurs and businesses in our economy and to our economic future.” The CFED also recommends targeted economic development policies to support and boost our existing businesses, as well as create opportunities for emerging businesses and entrepreneurs. A slightly more specific recommendation offers one way to do this, creating and maintaining a single portal, through an Economic Development Planning Team, the Regional Planning Commissions and the Regional Development Corporations, to provide existing Vermont businesses, prospective Vermont businesses, and entrepreneurial activity in the state with “access to coordinated technical and financial assistance for growing and expanding business in Vermont.”<sup>7</sup> The CFV noted that larger businesses that employ large numbers of Vermonters are more vulnerable to the risk of moving outside of the state in order to reduce costs. Also the CFV contends that the state places too much focus on luring new businesses to the state, the CFV reports that many Vermonters would like to see more support for existing businesses and entrepreneurial activities.<sup>8</sup> Many Vermonters also agree that “clean and green” businesses would not only benefit the state's economy, but fit in with (and even enhance) Vermont's marketable economic image and brand. Besides those benefits, those kinds of jobs will also attract younger Vermonters. The CFED's recommendation of a single resource portal for businesses and entrepreneurs is consistent with the recurring recommendation in the CFV report that efficiencies should be realized and support given to entrepreneurs and existing businesses.<sup>9</sup>

Another recommendation of the CFED is expanding the capacity and ability of Vermont colleges and universities to provide targeted assistance to entrepreneurs. Using the existing and future resources of our higher education system to boost entrepreneurial activity can help companies grow into job producing, value added contributors to the Vermont economy.<sup>10</sup>

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<sup>7</sup> CFED report, page 10

<sup>8</sup> CFV report, page 13

<sup>9</sup> CFV report, page 14

<sup>10</sup> CFED report, page 10



## V. Infrastructure

Recommendations and discussions relating to infrastructure in these reports: the CFED report groups infrastructure into three categories; human, physical, and digital. While the CFV report does not use these exact groups, the more specific topics the report discusses fit into these categories (i.e. education fits into the category of human infrastructure).

### a. Human Infrastructure

A key distinction is made in the CFED report that establishes health care, child care, affordable housing, and quality education as “prerequisites to, rather than the product of, economic development.”<sup>11</sup> Like the CFED, the CFV heard from Vermonters on numerous issues in these areas, particularly rising costs that are above inflation or the national averages.

Education remains a major concern for Vermonters. At a recent Workforce Development Council meeting, several members of the group noted that the long-term benefits of a quality education system and curriculum will be felt throughout the state’s economy. Lower incarceration rates, lower use of social services, a higher quality of life and salary earned for the individual, and more tax revenue for the state are all indirect effects of improving our education system. Building a strong education system has clear long-term benefits; however, obstacles between where we are now and where we need to be must be addressed in the short term. Increasing equitable funding across all levels of education, increasing the relevancy of Vermont’s pre K-16 education to the workplace and/or higher education, and controlling costs are the three basic recommendations from these reports. The goal for our K-12 education system should be to prepare our youth for higher education or the workplace, and preparedness for one is seen as preparedness for the other. Unfortunately, a significant number of college educators report that students are not prepared, while high school educators believe students *are* prepared.

GBIC and others have continued to suggest the importance of understanding education as a vital aspect of economic development for the state. Vermont has a robust network of higher education institutes, including vocational and trade schools. The concern, however, is that there is little formalized connection between actual businesses and the upper level high-school and all levels of tertiary students. This disconnect fails to leverage our vast educational network, leading to age and “brain” drain from the state as students (particularly those coming from out of state) move away from the state to more “established” early career areas of the country (Boston, New York City etc).

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<sup>11</sup> CFED report, page 7

Despite the fact that the number of students enrolled in K-12 public schools has steadily declined since 2000 and is now at the 1988-1992 level, the number of personnel in public schools has increased. Thus, the cost-per-pupil has also increased. Also troubling, the cost of higher education in Vermont is rising more rapidly than the rate of inflation, and state/federal financial aid is not keeping up with needs. On the plus side, student/faculty ratios have improved, the K-12 dropout rate has declined and the variation of spending between districts has decreased, yet the improvements in proficiency have been modest.<sup>12</sup>

Many Vermont towns fear losing their local school, which many see as the community centers in their communities, yet cannot justify maintaining the facilities with declining populations and rising costs. Regionalization of school districts seems to be the obvious solution, however, many Vermonters expressed to the CFV a desire to maintain local schools and their function as community centers and seek a viable way to do so.<sup>13</sup>

While the CFED does not address this area, both the CFV report and its commissioned VIT report make note of the staggering increases in the corrections department. A key trend reported in VIT shows that the number of state and local police officers has remained steady over the past 25 years, yet the number of corrections officers has more than tripled in the same amount of time. Not surprisingly, Vermont's rate of incarceration has increased dramatically.<sup>14</sup> The CFV recognized this as a significant social challenge but also a significant economic challenge that we must address.<sup>15</sup>

Health care will be an increasingly important industry in Vermont as our population ages further. Health care expenditures now make up 16% of the Gross State Product (GSP), almost double the amount from 25 years ago. Not only is the total expenditure on health care increasing sharply, the percentage of the GSP that health care expenditures represent is also increasing.<sup>16</sup> "The health care sector is an increasingly important source of jobs and income for the state. Health care provides some of the very best jobs in the state, but also many jobs that offer little in the way of occupational advancement or employment stability."<sup>17</sup> Especially as the population ages, the health care sector will be a strong source of quality jobs and it is important that this be considered in major policy decisions. A growth in this sector will be necessary to meet the demand in the not-too-distant future.<sup>18</sup>

Rising health costs are a major problem for individual Vermonters as well as employers. Especially while considering the fixed-income nature of many aging

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<sup>12</sup> VIT study, pages 111-121

<sup>13</sup> CFV report, page 14

<sup>14</sup> VIT study, pages 138-141

<sup>15</sup> CFV report, pages 18-19

<sup>16</sup> VIT study, pages 130-132

<sup>17</sup> VIT study, page 51

<sup>18</sup> CFV report, page 15

Vermonters' financial wellbeing, these rising costs pose a serious issue. Many Vermonters are calling for access for all to quality, affordable healthcare. Tangible goals should be set including increasing rural health centers, advancing preventative care, using/sharing best health-practices, and increasing tele-health care.<sup>19</sup>

Rising costs of providing local emergency services have left many Vermonters in favor of regionalizing these services to cut costs while maintaining a high level of service.<sup>20</sup>

Housing costs emerged as a significant problem in both reports. The CFED recommends “regulatory changes [and investments to] increase the supply of workforce housing,” consistent with the CFV’s recommendation that affordable housing is a major part of giving young people good reasons to come back to, or stay in, Vermont.<sup>21</sup> “The overall cost of living in Burlington (the only area of the state where it is systematically tracked) has increased more rapidly than in other areas of the country.”<sup>22</sup> While the cost of living in Burlington, especially housing, does not accurately represent the cost of living in the rest of Vermont, it is evident that arresting the increase of these costs should be a priority in attracting and retaining younger people in Vermont.

#### b. Physical Infrastructure

Transportation was a hot topic in both the CFV and CFED reports. VIT reports several disturbing trends, primarily that “deteriorating state revenue and increases in the cost of materials associated with road, bridge, and culvert maintenance over the past few years have combined to create major challenges for Vermont to maintain its transportation infrastructure.” This deferred maintenance has resulted in high and fairly steady proportions of bridges in “critical” and “poor” condition.<sup>23</sup> The CFED reports that “Vermonters are very concerned over the deterioration of the physical infrastructure (especially our transportation systems)...” The CFED recommends making the investment in, and development of, our physical infrastructure a priority in the Comprehensive Economic Development Plan. It also recommends the creation of a restricted fund specifically for investment in infrastructure, both physical and digital.<sup>24</sup> Another key recommendation of the CFED is for the creation of a statewide transportation authority to build and maintain a multi-modal public transportation system. This

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<sup>19</sup> CFV report, page 23

<sup>20</sup> CFV report, page 15

<sup>21</sup> CFED report, page 8; CFV report, page 11

<sup>22</sup> VIT study, page 58

<sup>23</sup> VIT study, pages 98-99

<sup>24</sup> CFED report, page 7

is very close to the CFV's recommendation that Vermonters would like to see changes to the physical infrastructure that reflect, improve, and preserve something special about the state, such as bike lanes, public transit and passenger rail (to reduce carbon emissions).<sup>25</sup> "Vermont needs to devise an efficient public transportation system that provides us all with reasonable and affordable service routes...reduces our dependence on fossil fuel-based personal transportation, and reduces the number of miles traveled."<sup>26</sup> CFV also notes that transit services within and between the most rural areas of the state are under-serving those regions.

GBIC recognizes that while the creation of an efficient and comprehensive multi-modal transportation infrastructure may not most directly incite employment expansion, it is vital to understand that a lacking infrastructure hinders operating an efficient business in the state and may serve as a restriction to relocating operations to Vermont. Further, failure to address public transportation infrastructure places the most strain on those without personal transportation means and, in turn, restricts the scope of potential employment sheds for both employer and employee.

Experts warned the CFV that an aging sewage and water collection/treatment infrastructure would pose a significant problem in the future, and policy makers should keep this significant renewal expense in mind.<sup>27</sup>

### c. Digital Infrastructure

Vermonters would like to see universal access to affordable broadband and wireless communication networks in order to realize new opportunities in commerce, arts, and community.<sup>28</sup> "Digital infrastructure benefits include government cost savings, increased productivity, and improved quality of life for Vermonters."<sup>29</sup> The CFED offers a specific recommendation that could prove very useful; where there is an overriding statewide or regional public interest in developing the infrastructure, locations throughout the state should be designated for technology and communications infrastructure use and this designation should preempt local plans and ordinances. Additionally, the CFED recommends Vermont hold its commitment to provide broadband and cellular access to 100 percent of Vermonters by 2010. By creating this comprehensive digital network and designing innovative policies to give Vermont an e-business recruitment/retention advantage, we can leverage this digital infrastructure to boost the state economy for both new and existing businesses, especially those in

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<sup>25</sup> CFV report, page 16

<sup>26</sup> CFV report, page 23

<sup>27</sup> CFV report, page 15

<sup>28</sup> CFV report, page 15

<sup>29</sup> CFED report, page 6

rural areas that will depend on their e-marketplace.<sup>30</sup> “As is the case in the rest of the country, the expansion in information and communication technology has been rapid and extensive, although many parts of the state are still underserved, and providing services to this group will be more expensive.”<sup>31</sup>

The consensus on digital infrastructure is largely agreed upon with all active partners. Much like physical infrastructure, this should be a prerequisite to further economic development of any scale or scope; failure to address 21<sup>st</sup> century infrastructure places our state at a comparative disadvantage and reinforces a perception that Vermont fails to meet the needs of businesses.

## VI. Energy

The CFED recommends that “the development, maintenance, improvement, and, where appropriate, the expansion of energy infrastructure” be a key component of the Comprehensive Economic Development Plan, with the goal of “secure, reliable, and cost-effective energy through energy conservation, renewable energy, efficiency, and small scale power generation.”<sup>32</sup> VIT noted that per customer electric use has declined over the last decade, but overall demand is higher due to more customers coming online. Vermont’s energy use is increasing at a rate that is greater than the national average.<sup>33</sup> “Vermont’s electric supply portfolio has been stable for a number of years, but long-term contracts signed in earlier years will begin to expire in the next decade.”<sup>34</sup>

Both reports suggest that it should be a priority to reduce Vermont’s and Vermonters’ dependency on oil for various reasons, especially due to the double-digit yearly increases in cost and fluctuations in the oil market.<sup>35</sup> Both reports also suggest that investment in local and renewable power generation should be a priority of any state energy plan. As the CFV report states, “Vermont should take action to enhance energy security by encouraging in-state options, developing energy generation and fuels in state for an energy mix that is clean, green, and economical.”<sup>36</sup> Creating a successful network of renewable and locally generated electricity can make Vermont a leader in that emerging field and the CFV reports that many Vermonters see a huge opportunity for Vermont to be creative and innovative in clean energy generation because of our size, scale, and wealth of natural resources.<sup>37</sup>

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<sup>30</sup> CFED report, page 6

<sup>31</sup> VIT study, page 99

<sup>32</sup> CFED report, page 7

<sup>33</sup> VIT study, page 106; CFV report, page 16

<sup>34</sup> VIT study, pages 106-107

<sup>35</sup> VIT study, page 105

<sup>36</sup> CFV report, page 20

<sup>37</sup> CFV report, page 16

While the economic, environmental and social underpinnings of moving away from an oil based energy portfolio are inherently strong, a switch to renewable fuel generation needs to consider the economic impact of implementing such a shift. While GBIC fully supports the creation of new energy technologies that will enhance both Vermont's environment and visibility as a leader of cutting edge manufacturing and engineering production and employment, such transitions must take account of employer and rate payer concerns. As such, any alternate sources of energy that deviate from the current portfolio must at a minimum be economically feasible and affordable, and should have a goal of matching or reducing the ultimate costs shouldered by businesses and ratepayers.

## VII. The Vermont Brand

Both reports discuss the importance of the Vermont Brand; an important yet challenging to define component of Vermont's marketability that often goes understated in economic conversations. The economists commissioned by the CFV to produce *Vermont in Transition* noticed a trend in the expansion of small businesses over the past few years and recognized that "Many of these companies have aligned themselves in multiple ways with Vermont's quality of life and the Vermont 'Brand.'"<sup>38</sup> Much like the State of California has done with its "Real California Cheese" campaign or the State of Michigan with its "Michigan Advantage" campaign, Vermont has several ideal/favorable characteristics that can be used to develop a Vermont Brand and a favorable image of Vermont and the goods produced here.

Developing, strengthening and promoting a strong Vermont Brand has the potential to further stimulate the purchase of Vermont products by Vermont consumers, launch Vermont products into new markets, increase the value-added revenues of Vermont products (bringing new dollars into the state), as well as raise the desirability of Vermont as a place to start or relocate a business. The CFV reports that many Vermonters are concerned that too much focus is given to luring new companies to Vermont, rather than focusing on growing existing companies or fostering the organic entrepreneurial spirit within the state.<sup>39</sup>

## VIII. Conclusion

Vermont needs a call to action. The most resounding recommendations from the CFV and CFED reports are that we, as a state, must act to improve aspects of Vermont that require improvement, and create opportunities for our state to ensure economic vitality for years to come. We must act to improve our education system and empower the next generation of Vermonters with the skills they need to pursue higher education or enter the

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<sup>38</sup> VIT study, page 44

<sup>39</sup> CFV report, page 13



workforce, eliminate sluggish regulation and permitting redundancies, boost our support of the entrepreneurial spirit as well as existing Vermont companies, and a whole host of other initiatives. The most important next step, however, is to develop a comprehensive and unified economic plan that, in its implementation and execution, will seek to leverage Vermont's best attributes and improve those that are not sufficient. We must urge our leaders to work across political divides, across agencies, and across the state to develop a Comprehensive Economic Development Plan, one with broad scale initiatives as well as specific plans to address specific areas. With the common goal of supporting healthy growth in our economy while maintaining what we love about Vermont, we must get to work for the good of our state and the future generations that will love Vermont as much as we do.



|                                     | <b>CFV (or VIT)</b>  | <b>CFED</b>   |
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| <b>The Case for a Plan</b>          | "Many Vermonters from across the spectrum express concern and anxiety about the future of Vermont, particularly its long-term economic health. This sense of unease is fueled in part by the perceived lack of a comprehensive economic vision for the future... [In the ideal future,] Vermont has a clear, detailed, and unifying economic development strategy that is consistent with the values that Vermonters hold dear." (CFV, pp. 18-19, 26)  | "Vermont lacks a shared statewide vision of its economic future." (CFED, pg. 9) "Vermonters...lack confidence that Vermont's government has a clear vision of the future, and they worry that our government does not appear to have a coherent plan...We urge the development of a unified economic development plan...adopted by the legislature and implemented by the administration as official state policy." (CFED, pp. 3-4)               |
| <b>The Plan</b>                     | "A strong plan with community consensus behind it can establish development priorities that serve the public good and... will also serve the private good by ensuring consistency and regularity in planning for development. Leadership should rally to make it so... Vermont needs to build a publicly supported development strategy in line with its values, assets, and brand identity – one that unites business, government, community, and non-profits under a shared set of goals." (CFV, pp. 26, 28) | "Establish an inter-agency Economic Development Planning Team at the Secretary level that has the responsibility of developing, adopting and implementing a statewide economic development plan with broad public input that integrates regional land use and economic development plans, state agency plans, and the goals and recommendations of this Report into a single statewide Comprehensive Economic Development Plan." (CFED, pp. 9-10) |
| <b>Policy and Regulation Reform</b> | "Currently, the absence of coordination among levels of planning undermines its utility and effectiveness. It is time for Vermont to advance a better-coordinated regional and statewide land-use policy... Vermonters need to find new ways and compromises that allow for economic development without undermining the essential character of communities and countryside. We want to achieve  | Despite its small scale and accessible government... economic vitality in Vermont is hampered by a lack of coordination among state agencies, between regional economic development corporations and regional planning commissions, and among these regional entities and various state agencies. (CFED, pg. 9) "Navigating the permitting process can be unnecessarily difficult, time consuming and expensive and many                          |



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|                                | <p>efficiency in the regulatory process without losing or undermining local identity. Vermont will suffer if the choice is either unrestrained growth or the status quo." (CFV, pg. 22, 23)</p>  | <p>potential entrepreneurs and investors may simply give up." (CFED, pg. 11)</p>   |
| <b>Economic Development</b>    | <p>Vermonters believe that "'clean and green' businesses fit well with Vermont's environmental ethic and brand identity and could bring economic benefits to the state as well as attract a younger, well-educated workforce." (CFV, pg. 14) Many Vermonters complained that "the State focuses on luring businesses here from out of state, rather than helping those already here succeed and grow." (CFV, pg. 13)</p>   | <p>We need to "recognize in the Comprehensive Economic Development Plan the importance of indigenous, small-scale, value added and land-based entrepreneurs and businesses in our economy and to our economic future." (CFED, pg. 10)</p>  |
| <b>Human Infrastructure</b>    | <p>Education "expenditures per student have been rising" and "the number of personnel in public schools has increased..." however "the trend in educational testing shows [only] modest student improvements in a number of areas." (VIT, pp. 112-115) "As demands on the Corrections Department have increased, so have expenses and employees; police and judicial costs are at a low level and have held fairly steady." (VIT, pg. 140) "Vermonters are calling for a health care system that provides access for all to good care at affordable prices." (CFV, pg. 23)</p> | <p>"Vermonters are struggling to secure basic needs such as health care, child care, affordable housing, and quality education. These basic needs are seen as prerequisites to, rather than the product of, economic development." (CFED, pg. 7)</p>                                       |
| <b>Physical Infrastructure</b> | <p>"Vermont needs to devise an efficient public transportation system that provides us all with reasonable and affordable service routes...reduces our dependence on fossil fuel-based personal transportation, and reduces the number of miles travelled."</p>  | <p>"Vermonters are very concerned over the deterioration of the physical infrastructure (especially our transportation systems)." "Include in the Comprehensive Economic Development Plan a long term plan and a dedicated restricted fund [that] enables the necessary investments to</p> |



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|                               | <p>"Vermont needs to invest fully to meet long term infrastructure maintenance needs, and develop resources and strategies to support and advance the entire system of transportation for the future." (CFV, pg. 23)</p>   | <p>maintain, repair, and replace Vermont's public infrastructure." (CFED, pg. 7)</p>  |
| <b>Digital Infrastructure</b> | <p>"Many Vermonters believe universal access to affordable broadband Internet and cellular telephone communications networks is essential to realize new opportunities in commerce, arts, and community." (CFV, pg. 15)</p>  | <p>"The lack of adequate and reliable broadband and cellular infrastructure and access across the state not only impedes the growth of existing and new businesses in Vermont, but may induce existing businesses to relocate to other states that have better access to broadband and cellular service." "Hold Vermont to its commitment to provide broadband and cellular access to 100% of Vermonters by the end of 2010." (CFED, pg. 6)</p> |
| <b>Energy</b>                 | <p>"Vermont should take action to enhance energy security by encouraging in-state options, developing energy generation and fuels in state for an energy mix that is clean, green, and economical." (CFV, pg. 20)</p>  | <p>"Make the development, maintenance, improvement, and, where appropriate, expansion of energy infrastructure a key component of the Comprehensive Economic Development Plan with the goal of secure, reliable, and cost-competitive energy through energy conservation, renewable energy, efficiency, and small scale power generation." (CFED, pg. 7)</p>  |
| <b>The Vermont Brand</b>      | <p>"The [Vermont] brand brings tourists and new residents; it provides advantages to Vermont businesses... Vermonters should use brand benefits for commerce but at the same time ensure that the land and people of Vermont remain authentic and are not distorted by a commercialized definition of this special place." (CFV, pg. 20)</p> | <p>"There are unique and innovative Vermont businesses that are successfully competing in the global marketplace that need to be nurtured. There is broad consensus that Vermont can further leverage its brand, including its green reputation, into economic gain." (CFED, pg. 12)</p>  |