



UNIFIED ECONOMIC DEVELOPMENT BUDGET PROPOSAL

Submitted By: Jim Reardon, Commissioner,
Department of Finance & Management
January 22, 2007

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MEMORANDUM

TO: Rep. Martha Heath, Chair House Appropriations; Sen. Susan Bartlett, Chair Senate Appropriations; Rep. Michael Obuchowski, Chair House Ways & Means; Rep. Warren Kitzmiller, Chair House Commerce; Sen. Ann Cummings, Chair Senate Finance; Sen. Vincent Illuzzi, Chair Senate Economic Development, Housing & General Affairs

CC: Mike Smith, Secretary of Administration; JFO – Steve Klein; Stephanie Barrett, Maria Belliveau, Sara Teachout; Virginia Catone; Rebecca Buck, F&M - Susan Zeller, Toni Hartrich

FROM: Jim Reardon, Commissioner

RE: Act 215 Sec. 225a. Unified Economic Development Budget

DATE: January 22, 2007

In accordance with the Act 215 of the 2006 legislative session:

Act 215 Sec.225a UNIFIED ECONOMIC DEVELOPMENT BUDGET

(a) The commissioner of finance and management shall submit a proposal to create a unified economic development budget to the general assembly together with the FY2008 budget report of the governor required under 32 V.S.A. §306. Said proposal shall be submitted to the house and senate committees on appropriations, the house committees on ways and means and commerce, and the senate committees on finance and economic development, housing and general affairs on or before January 15, 2007.

(b) The unified economic development budget shall include all the types of development assistance granted during the prior fiscal year by all agencies and departments of the state, specifically including the agency of commerce; the agency of agriculture, food and markets; the department of labor and the department of taxes.

(c) The unified development budget shall specifically include:

(1) The aggregate amount and program-specific amounts of uncollected or diverted state tax revenues resulting from each type of development assistance provided in the tax statutes, as reported on tax returns filed during the fiscal year to the department of taxes and on the expenditure report required by 32 V.S.A § 302 [sic] s/b 312.

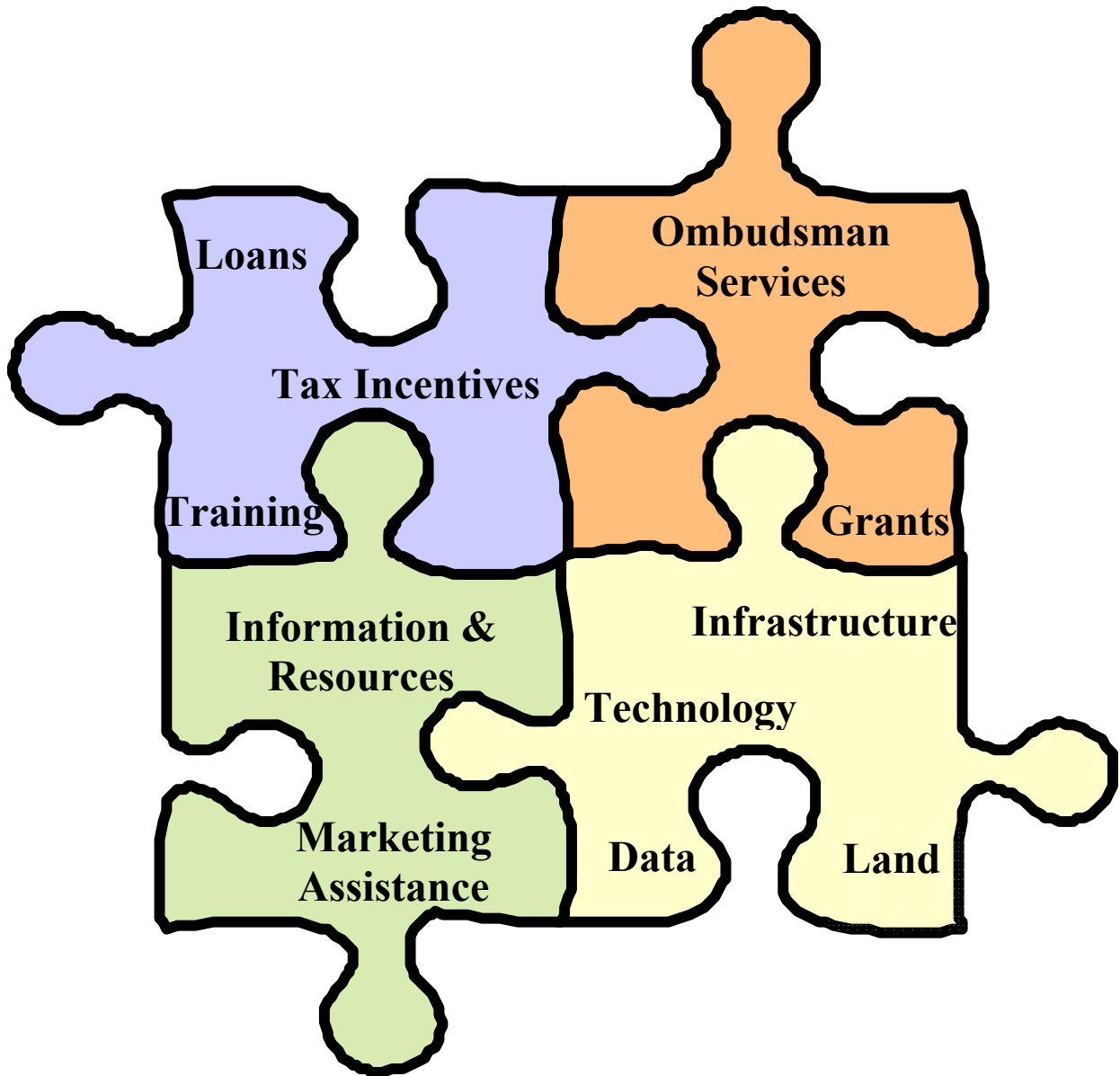
(2) The aggregate amount and program-specific amounts of all state economic development assistance, including grants, loans, and tax expenditures.

(3) Performance measurements in terms of jobs created, payroll increases or decreases and other measures of economic advancement.

The report that follows was developed and consolidated by the Department of Finance & Management in response to the above legislative mandate. This report would not have been possible without the assistance, information and insight provided by the following agencies, departments and organizations: the Department of Tax; the Agency of Commerce and Community Development (ACCD); the Agency of Agriculture, Food and Markets; the Department of Labor; the Department of Innovation and Information; Department of Children & Families - Office of Economic Opportunity; the Department of Public Service; the Vermont Economic Development Authority (VEDA); and the Vermont Economic Progress Council (VEPC).

UNIFIED ECONOMIC DEVELOPMENT BUDGET

Putting the Pieces Together



PROPOSAL PHASE

This report is meant to be a first step in the process of creating a unified economic development budget. In this initial phase, several departments and agencies were asked for information on economic development-related programs that they administered in FY2006 and FY2007. Attachment A is a compilation of this information. It includes each individual program identified, a description of the program and the program goals, the amount of appropriation for those programs that have specific appropriations, as well as the type of funding, and a listing of other governmental agencies, departments, non-profits and organizations involved in the program. There is a separate section for VEDA, VEPC and the Tax Department because of the way their economic development programs/incentives are funded. Only the major departments and agencies that were identified in the legislative mandate as well as a few additional departments or agencies were included in this initial phase.

To develop this budget concept further requires greater clarification on what qualifies as economic development activity. For example, should secondary or tertiary programs that may be in the Agency of Transportation, the Vermont Housing and Conservation Board, the Vermont Housing Finance Authority, the Agency of Natural Resources, the Agency of Human Services, the Department of Education, and Higher Education be included?

During this initial process we encountered substantial variation in the application of performance measures. Some departments and agencies that were asked for information on economic development programs had little or no measurements in place while others had developed fairly sophisticated measures. The question of how to measure the impact of each individual program is not easy to answer. For example, a business may take advantage of several different programs and other outside assistance, so how do new jobs generated by this business get credited? The area of measurement needs to be discussed and developed further.

In this initial phase, a group of statisticians, economists and data analysts from the Department of Tax, VEDA, VEPC, ACCD, the Department of Labor and Agency of Agriculture, Food and Markets were brought together to discuss what data they use and issues about measurement. Attachment B includes some examples of data tools used and a discussion of these issues. As a result of this meeting several observations were made:

1. There is a need to work with departments to create good measures that will help them determine if their programs are successful at meeting the goals they set.
2. There should be a central depository for information utilized by various agencies. It would be beneficial to both businesses and the state if data collection could be consolidated and shared. Currently businesses may be required to fill out questionnaires from two or three different departments/programs.
3. This working group brought people working in this area together. It is recommended that this group continue to meet to explore how to improve the data and to share individual member's experience on what works well and what doesn't work.

Following this meeting nine departments and agencies supplied some additional information on data and suggested improvements or changes to existing measurements (see Appendix I).

BACKGROUND ON STATE ECONOMIC DEVELOPMENT

Economic development includes those activities designed to stimulate the economy, expand and improve employment opportunities, and encourage the establishment and growth of commerce and industry. In Vermont this also involves maintaining a healthy agricultural sector and rural economy.

Vermont, like other states, has over the years used various methods to influence the health and structure of the state's economy. It has provided a variety of programs across many departments and agencies to help create and retain businesses and employment opportunities.

In general, the policy methods state governments use to attract and retain businesses include: tax incentives; loan programs; land acquisition, clearance assistance or sale of development rights; training programs; government ombudsmen services; reduction in government service fees; research initiatives; support of business incubator centers; marketing assistance; and supportive infrastructure and technology innovations.

- **Tax Incentives:** State governments may create special taxing districts, use tax increment financing to help pay for specific development costs, and grant tax abatements, exemptions or credits on property taxes, sales, payroll, or income taxes.
- **Loan Programs:** This type of assistance can range from loan guarantees or subsidized interest rates to supplying all or part of needed loan financing.
- **Land Acquisition, Clearance Assistance, Brownfield Cleanup Aid and Sale of Development Rights:** This category includes government funded land price write downs, public condemnation to help firms acquire the required land at the development site, publicly funded brownfield cleanup assistance, land clearance to make way for a proposed development and paying for the sale of development rights to help a farmer cover the cost of buying his farm or of needed farm equipment.
- **Training Programs:** These programs include job training for workers to improve skills or learn new skills appropriate to the state's business needs and programs to help business people and farmers develop their entrepreneurial skills.
- **Government Ombudsmen Services:** This role includes supplying information and assistance in locating good sites for development and finding needed services for the firm.
- **Reduction in Government Service Fees:** This could involve subsidizing normal service delivery expenses or providing special services in order to attract and retain firms.

- **Research Initiatives:** These efforts help add to the technology and knowledge in the business sector that can improve current business effectiveness or move business enterprises in totally new directions.
- **Business Incubator Centers:** These institutions give small, entrepreneurial businesses support and assistance in their early and most fragile phases.
- **Marketing Assistance:** Programs in this area can help to create new opportunities to expand markets, by training to properly market products and subsidizing of marketing of products produced in the state.
- **Supportive Infrastructure and Technology Improvements:** These initiatives include capital investments, such as, state supported improvements to the road or rail system, creation of broadband and other connectivity links in the state.

OVERALL FINDINGS

- There were **66** budgeted economic development programs; **24** income tax credits; several loan financing mechanisms, property tax and sales and use tax incentives identified by the departments and agencies contacted for information.
- The programs identified cover a wide range of economic development policy mechanisms available to state governments.
- See Attachment A1 and A2 for detail on the economic development programs identified and the appropriations for these programs.
- Creating a meaningful format for VEDA loan programs and the various tax credit programs presents unique challenges. The most useful way to include this data will be to utilize the tax expenditure report, the VEDA annual business survey and the VEPC annual report as part of this annual economic development budget.

OTHER CONSIDERATIONS

1. This report should be seen as a first step in the process of establishing a unified economic development budget. Although we believe that we included the key components, a further analysis is needed to determine if there are additional stakeholders that should be included in the unified budget. Further discussion between the Administration and the Legislature on what to include as economic development programs would be helpful in this regard. A decision as to whether to include secondary and tertiary programs or services that may impact on economic development in addition to those that can be more easily identified as economic development programs must also be made.
2. An annual unified economic development budget should include the prior year expenditures and current year appropriations. If the budget were to include the Governor's recommended appropriations for the coming year, it would be difficult to have the report ready before early March because finalized details on the new programs will not be available at the beginning of the legislative session.

3. Performance measurement is a challenging area. Based on information gathered from departmental data, we offer the following recommendations:
 - a. Establish the economic statistics/data user group as a permanent working group to develop and document measurement/data issues.
 - b. Continue to work on expanding the new grants management system (based on the system being installed in ACCD/Department of Housing and Community Affairs); this will require development of data, measurement and statistical standards that will allow cross-agency integration, compatibility and state-wide reporting.
 - c. Create a centralized data depository assigning responsibility to one department and accountability to all.
 - d. Work with those departments and agencies which have not formulated strong, relevant performance measurement for their economic development programs to create appropriate measures.
4. Use this budget as an opportunity to better inform statewide stakeholders about the state's economic development programs and to provide a starting point for better interaction between those providing these programs.
5. Develop a single, easy to navigate website that includes relevant data, a list of economic development programs, tax credits and services identified through the unified economic development budget, with links to the websites of other resources – a one-stop information repository for both existing Vermont businesses and those interested in starting-up in or relocation to Vermont.
6. The Unified Economic Development Budget should be coordinated and integrated with the work of the Commission on the Future of Economic Development on such matters as defining economic development, types of programs, performance measures, etc.

ATTACHMENT B: PERFORMANCE MEASUREMENT

In December 2006, Finance and Management assembled a group of representatives from across the state, who deal with data and measurement in most of the departments involved with economic development programs to discuss measurement and data issues. They observed that:

- This was the first time many of these people had come together to discuss measurement. Many did not know what or how other departments were dealing with data and/or measurement.
- One topic of discussion focused on how difficult grants management measurements and analysis were. They were pleased to hear an update about the new grants management system being implemented at the Department of Housing and Community Affairs. They were very positive about the enterprise approach to grants management under consideration by DII – a unified enterprise grants management system that would include monitoring (both fiscal and performance), measurements, data collection and analysis capabilities.
- VEDA's annual survey of businesses and VEPC's refining of its measurement and analysis were steps in the right direction.
- The Department of Labor and Tax Department's data is relied on by many departments for their economic analyses. The group discussed issues related to the level of data available (e.g., problems in getting data at desired level of detail because of confidentiality issues), the form of the information available (such as annual salary versus hourly rates, or head count data versus FTE data on jobs) and in the inherent time lag in getting some relevant data, such as, tax information. Both departments showed a willingness to work collaboratively on resolving these issues.
- There is duplication of effort. For example, two or three departments may survey or require reports on business information from the same firms and thus require the firms to fill out multiple forms on their companies. This raised the need for better coordination of departmental requests for information.
- Designating one department as a data depository for economic/statistical information for state agencies and departments would be a good way to deal with some of the above issues.
- It would be useful for this group to continue to meet several times a year to share issues and find ways to improve data supplied or measures used.

Those attending the meeting were asked to provide information on the data they collected as well as their measures and share concerns and issues they had about the data and measures. (See Appendix I)

From the meeting and the information provided after the meeting it is evident that there is currently no one system for measurement and data collection. The approach is piecemeal across state government, albeit, in some cases very thorough (such as VEDA, VEPC, Tourism, Housing, Tax and Labor, for example) and in other cases less defined.

Reoccurring issues raised about data included: being able to get needed data in a timely fashion (due to the nature of the data); not always having job data available in the form needed for measurement; switching between calendar and fiscal years; in some programs really not being able to show results over short term but need to measure them on a more long range (5 to 10 year) basis; cost and difficulty of departments gathering information individually instead of in a coordinated fashion when multiple departments will use this information; and in cases when information is supplied from sources outside the department using it, the need to get the supplier to collect the data in a form that is meaningful and useable for reviewing a specific program's impact.

Attachment B.1

List of Economic Statistics/Data User Group

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Kathy Fisher ACCD Admin. Services Dir. 828-5205 kathy.fisher@state.vt.us

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Fred Kenney, VEPC, 828-5256 fred@thinkvermont.com

Attachment B.2: VEDA BORROWER'S SURVEY

1/4/2007

COMPANY NAME
CONTACT NAME
STREET ADDRESS
CITY, STATE, ZIP

EMPLOYMENT INFORMATION: As of December **31, 2006** (or the nearest date thereto):

REPORTING ENTITY: Some companies use holding companies or entities other than the primary operating company under which to borrow funds (for example, a limited liability company). Please provide employment information about the primary employer who benefited from the financing. If the reporting entity is not the same as shown on this form, please provide the name in the space below:

Current number of HOURLY employees: _____ **(FTE)**
(Numbers must be in full-time equivalents or "FTE". For example, 2 persons working 20 hours per week = 1 FTE)

Hourly wage range of hourly employees: From: \$ _____ To: \$ _____

Average hourly wage without benefits*: _____ \$

* Hourly wage for employees receiving gratuities should include an estimate for the gratuity amount.

Current number of SALARIED employees: _____ **(FTE)**
(Numbers must be in full-time equivalents or "FTE". For example, 2 persons working 20 hours per week = 1 FTE)

Average annual salary without benefits; _____ \$

Employee Benefits:

Which of the following benefits does your company provide to its employees, at least in part or in whole:

- Health insurance
- Dental insurance
- Retirement plans
- Paid vacation
- Long Term Disability
- Other (please describe)

Please indicate which of the following percentages most closely matches the percent of total wages and salaries that your company spends for the employee benefits listed above:

- 0 %
- 15%
- 25%
- 33% or more

CIF#: XXXXX
Loan Officer: Officer name

Authorized Company Representative

Attachment B.3

U.S. Department of Housing and Urban Development

Special Attention of:	NOTICE: CPD – 03-09
All CPD Office Directors	Issued September 3, 2003
All CPD Field Office Directors	
All CPD Formula Grantees	Expires September 3, 2004

Cross References

SUBJECT: Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs.

PURPOSE:

The purpose of this Notice is to strongly encourage each CPD formula grantee to develop and use a state or local **performance measurement system**. Measuring performance at the state or local level is critical to the flexibility-driven formula programs. Since grantees are given the flexibility to make choices about how to use program funds, it is only logical that grantees be accountable, at the local level, for those choices.

BACKGROUND:

Performance measurement is simply an organized process for gathering information to determine how well programs and projects are meeting needs, and then using that information to improve performance and better target resources. There are two critical components of **performance measurement**: (1) productivity and (2) program impact. In housing and community development agencies, productivity reflects the level of efficiency (quantity, quality, and pace) with which a grantee undertakes its activities. Program impact, on the other hand, reflects the extent to which those activities yield the desired outcomes in the community or in the lives of persons assisted.

As part of the President's Management Agenda, HUD's Office of Community Planning and Development has undertaken an initiative to make the Consolidated Plan more results-oriented and useful to communities in assessing their own progress toward addressing the problems of low-income areas. The Consolidated Plan Improvement Initiative (CPII) is currently testing some pilot consolidated plans that will try to link goals with outcomes. It is expected that the results of these pilots will create additional useful approaches to state and local **performance measurement systems**.

Distribution: W-3-1

form HUD-21-B

HUD is aware of the need to enhance the capabilities of the Integrated Disbursement and Information System (IDIS) and has begun the process to design and implement significant improvements. Changes will include improved screen navigation and streamlined data entry that will help eliminate errors and facilitate better reporting for CDBG grantees and HOME participating jurisdictions (PJs), as well as ESG and HOPWA grantees. Changes will also include moving the system to a web-based approach. The improved IDIS will make revisions much simpler so that the system can more easily accommodate evolving changes.

An expectation of this Notice is that the self-evaluation section of each Consolidated Annual Performance and Evaluation Report (CAPER), submitted sixty days after the date of this Notice, will include the status of the grantee's efforts toward developing a **performance measurement system**. However, if grantees that currently use **performance measurement systems** could provide such information to HUD before their next scheduled CAPER submission, HUD could begin to identify if a pattern of common indicators exists. The Department would like to be able to evaluate the systems and share sound approaches among grantees, as well as: report which grantees have systems, those that are developing systems, or have not developed a system. By Program Year 2005, HUD anticipates that grantees will have implemented some form of a **performance measurement system** to reflect a way to gauge what constitutes success in each grantee's jurisdiction. States may decide whether to require performance measures from local grantees and how to collect such information. Grantees are reminded that CDBG, HOME, and HOPWA administrative funds may be used to pay costs associated with the development of a state or local **performance measurement system**.

I. LEGAL AND ADMINISTRATIVE REQUIREMENTS FOR PERFORMANCE MEASUREMENT SYSTEMS

There are legislative and administrative directives that reinforce the reasons for such systems to be used. The Housing and Community Development Act of 1974, Section 104(e), and the Government Performance and Results Act (GPRA) of 1993 both provide strong rationales for program accountability.

The Office of Management and Budget (OMB) is now assessing the effectiveness of federal programs using the Program Assessment Rating Tool (PART) for the purpose of scoring each program. The program result section of the PART accounts for 50 percent of the score. For the FY 2004 budget, six HUD programs were evaluated, including HOME. For FY 2005 both CDBG and HOPWA have been reviewed. The results of the PART evaluation influence recommendations on future appropriation levels for CPD programs.

The elements of **performance measurement systems** can be found in existing regulations. The regulations for Consolidated Plan Submissions at 24 CFR Part 91, Subpart C (Local Government) Sections 215(a)(5), 220(c), and 230; Subpart D (States) Sections 315(a)(5), 320(c), and 330; as well as Subpart F (Other General Requirements) Section 520, all provide regulatory direction for measuring performance.

Congressional Conference Reports to HUD Appropriation Acts since 2001 have directed HUD to develop and implement a strategy to ensure that jurisdictions are collecting an array of data on homelessness in order to prevent duplicate counting of homeless persons and analyze their patterns of use of assistance. The Department has been working with jurisdictions to obtain better information on homelessness and the performance of local homeless assistance systems through the funding and development of homeless management information systems (HMIS).

II. IMPORTANCE TO CPD FORMULA GRANT PROGRAMS

Program performance reporting is not new to grantees. Grantees regularly monitor their outputs and report them. These accomplishments are often measured in terms of how much money is spent and show what is produced, (i.e. housing units, jobs created, loans processed). The CAPER that grantees submit annually fulfills the reporting requirements for the formula grant programs. However, some grantees do not consistently examine the relationships between their accomplishments and the resources invested in them. Without an analysis of these relationships, it is impossible to know if programs are operating at the most efficient and effective level.

Grantees that use **performance measurement** as a tool can benefit in other ways, as shown below:

- Performance measurement can help stretch a program's dollars further. While CPD funds are significant, they are not sufficient to meet all of the grantee's housing and community development needs. Increasing grantee capacity to use funds more effectively will make it possible to stretch program dollars to assist more activities.
- Performance measurement can help inform program design, implementation, and reporting. A systematic approach to reviewing program performance will allow for better-informed long-range planning, and may generate data that will simplify the preparation of Consolidated, Annual Action Plans, and CAPERs. Measuring performance productivity can also help a program detect and address problems that can otherwise be costly and frustrating.
- Performance measurement can help build more motivated and effective teams. Performance measurement will create a system of accountability that allows project managers to delegate work more effectively and allows staff to take more initiative. Measuring performance facilitates both identifying and rewarding success and helps balance workloads. In addition, understanding the impact of a program can motivate staff and foster pride in the program.
- Performance measurement can help communicate accomplishments and build support for a program. Congressional appropriations committees use information on production achievements each year when deciding how much money to

appropriate for CPD's programs. Also, private sector funds are more likely to be invested in projects when success is documented. At a local level, it is easier to gain support for a project that can be shown to be effective and existing funds can go further when money is invested strategically.

III. PERFORMANCE MEASUREMENT SYSTEMS COMPONENTS

Because the CPD formula block grant programs promote maximum flexibility in program design and since the use of these funds is driven by local choice, HUD believes that performance based measurement systems should be developed at the state and local level. For broad-based formula grant programs, this offers new opportunities to integrate grantees' program evaluation responsibilities, program flexibility, and the need to nationally evaluate program performance in addressing broad national goals and issues.

The steps involved in developing a performance measurement system are shown in *Appendix A "Program Outcome Model,"* which demonstrates the relationship between goals, inputs, activities, outputs, and outcomes. These concepts are defined below. Although this model uses housing rehabilitation as the example, the same process can be applied to any activity to measure performance.

- Goals are the proposed solutions to problems or needs identified by the grantee during the consolidated planning process.
- Inputs include resources dedicated to or consumed by the program such as money, staff, equipment, and supplies.
- Activities are what the program does with inputs to fulfill its mission. Activities include the strategies, techniques, and types of treatment that comprise the program's production process or service methodology.
- Outputs are the direct products of a program's activities. They are usually measured in terms of the volume of work accomplished, such as number of low-income households served, number of loan applications processed, number of units constructed or rehabilitated, linear feet of curbs and gutters installed, or numbers of jobs created or retained.
- Outcomes are benefits that result from a program. Outcomes typically relate to a change in conditions, status, attitudes, skills, knowledge, or behavior. Common outcomes could include improved quality of life for program participants, improved quality of local housing stock, or revitalization of a neighborhood.

Most grantees monitor their inputs and outputs, but may not examine the relationship between the two. It is only through the assessment of inputs relative to outputs that a grantee can know if its program is operating efficiently or if activities need to be modified. However, counting program outputs is not enough for it does not indicate

whether resources are being targeted towards the right activities or whether the intended goals are being met. As a result, grantees also need to measure outcomes.

IV. MEASURING OUTCOMES

To measure outcomes, grantees should select indicators that relate to the local goals established in their Consolidated Plans. Below is a list of common indicators that can be used to measure performance. Grantees are encouraged to develop performance measurement systems that contain at least one of these indicators. However, grantees are not restricted to using only the indicators listed. Grantees may prefer to also show the results of other activities that are important to them.

Once HUD has feedback on which indicators grantees use most consistently to measure outcomes, HUD will attempt to develop a list of indicators and outcomes that can be aggregated nationally. The development of performance measurement systems will continue to be an evolving process, in which HUD intends to work with grantees to identify if there are common parameters for activities that can be aggregated at a national level.

Suitable Living Environment / Neighborhood Revitalization

- Increase in property values, or home sales prices as a result of a series of coordinated neighborhood activities
- Reduction in derelict properties and other blighting influences as a result of code enforcement, acquisition, demolition or rehabilitation
- Decrease in numbers of children with elevated blood lead levels
- Increase in the supply of potable water or adequate wastewater management systems due to infrastructure installation or upgrades
- Increase in emergency vehicle access because of infrastructure improvements
- Number and/or percent of housing units assisted that have eliminated at least one significant health and safety deficiency as a result of housing rehabilitation, defined by local codes

Affordable Housing

- Percent increase in the homeownership rate in targeted neighborhoods or in the community overall
- Dollar increase in property values as a result of housing rehabilitation
- Number of unit years of affordability in rental projects, based on the investment of HOME dollars
- Percent of reduction of energy use or energy costs as a result of housing rehabilitation using ENERGY STAR building standards

Economic Revitalization/Economic Opportunities

- Increase in numbers of jobs and/or the number of “living wage” jobs
- Decrease in abandoned or non-revenue producing properties
- Increased annual income as a result of employment or job training
- Increased business sales volume in revitalized neighborhoods
- Increased number of small business loans in targeted neighborhood

Ending Chronic Homelessness

- Decrease in the number of chronically homeless individuals in the community, by not less than 50%, by FY 2008

Housing Opportunities for Persons With AIDS

- Increase in the percentage of HOPWA clients who are able to maintain housing stability, avoid homelessness, and access care*

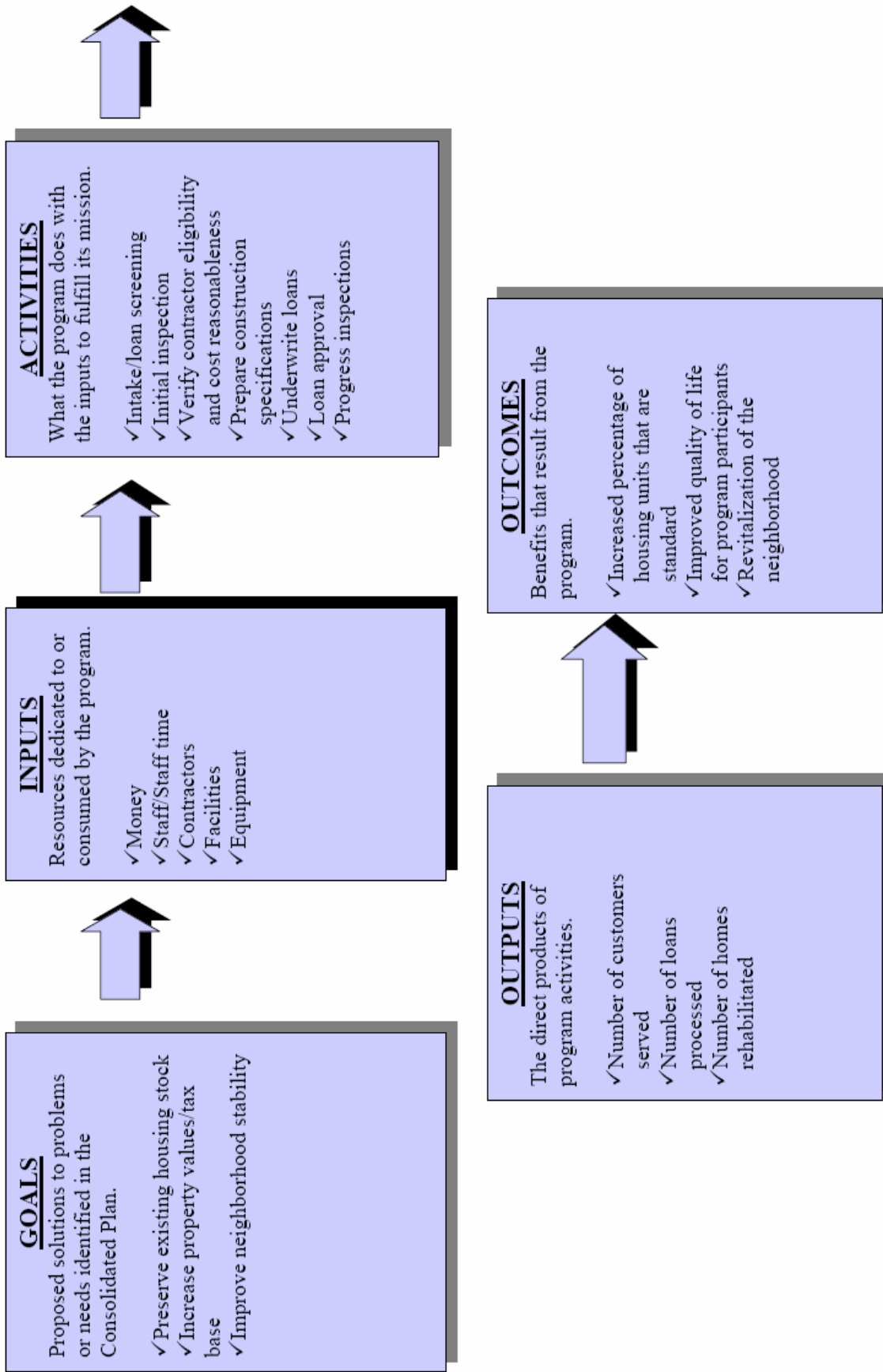
If an activity uses multiple funding sources, it will be necessary to show the outputs resulting from HUD funding separately. However, outcomes resulting from HUD sources need not be shown separately because, depending on local program design, the outcomes may be affected by many other factors.

V. HELP IS AVAILABLE

Many grantees have already developed and use state and local **performance measurement systems** and can demonstrate the benefits of measuring performance. There is no need for grantees to develop new systems if an existing method is adequate, according to this Notice, and works for them.

Electronic links to many such grantees can be found on the CPII website listed in *Appendix B “Resources”* of this Notice. Other websites listed in that appendix provide links to governments, organizations and universities that feature examples and information regarding the development of **performance measurement systems**. These resources are provided for information only and are not intended to be an endorsement by HUD for any products or services that may be offered. Also the training session, *“Measuring Up: A Practical Approach to Measuring Productivity and Performance in HOME Programs,”* which is listed as a resource, provides two days of information on how to measure performance. Grantees are encouraged to review existing systems for ideas that might be of use to them and to take advantage of training opportunities.

There are additional Department resources that focus on program performance. These include the CDBG Timeliness Guidance and reports, as well as the HOME Program SNAPSHOTs that rank PJs on eight performance factors in relationship to all other PJs. The Office of Special Needs Assistance Programs (SNAPs) has invested considerable resources in homeless management information systems to facilitate the collection of an



Appendix A: Program Outcome Model for an Owner Occupied Rehabilitation Program

APPENDIX B – RESOURCES

These resources are provided as a reference and are not intended to be an endorsement by HUD of any products or services listed.

There are many publications, guidebooks, training material, universities, organizations, and websites that provide information on performance measurements. Several resources for this information are provided below:

- The Consolidated Plan Improvement Initiative website “library” provides links to some states and local governments, as well as organizations, studies, and **performance measurement systems** used by other federal agencies. This site also provides examples of information that may be helpful in making consolidated plans more useful and results-oriented.
www.hud.gov/offices/cpd/about/conplanimprovement/library/index.cfm
- “*Measuring Up: A Practical Approach to Measuring Productivity and Performance in HOME Programs*” prepared by ICF Consulting for HOME Training, details found at: www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/MeasuringUpDesc.html is a two-day training program that provides valuable information for developing performance measurement systems. It is also anticipated that the training manual will soon be posted on the HOME program website.
- The Government Performance Project, www.maxwell.syr.edu/gpp/grade/index.asp, focuses on public-sector management and assesses the management capacity of all 50 states, 40 large counties, and the 35 largest cities.
- The Government Accounting Standards Board *Performance Measurement for Government* www.accounting.rutgers.edu/raw/seagov/pmg/perfmeasures/index.html, links to local, state, and federal websites and provides performance indicators, information, and measures.
- The Sustainable Measures website, www.sustainablemeasures.com, provides information to develop indicators that measure progress toward a sustainable economy, society, and environment.
- “*Measuring the Impact of HOME and Other Housing Programs*”, a report prepared by the Council of State Community Development Agencies and The National Affordable Housing Training Institute, www.coscda.org.
- The Rensselaerville Institute, www.rinstitute.org/, assists governments and organizations to set and reach targets for improving performance.
- Oregon Progress Board, www.econ.state.or.us/opb/index.htm. Features a 2003 Benchmark Performance Report that shows an analysis of 90 indicators for well being.

- Development Leadership Network, <http://www.developmentleadership.net>, in partnership with the McAuley Institute, <http://www.mcauley.org>, have initiated the Success Measures Project to develop practice-based measures for community development programs.
- The HOME Program website located at www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm offers publications and links to order materials and technical assistance literature about the HOME Program.
- HOME Production reports such as: the Deadline Compliance Status Reports, National Ranking Reports and National Production Reports are located at www.hud.gov/offices/cpd/affordablehousing/reports/index.cfm.
- Each participating jurisdiction's HOME Performance Snapshot is available through their field office. After July 2003, the Snapshots will be posted on the HOME Program website located at www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.
- Appendix E.5 HOME Reports in the IDIS Reference Manual is located at www.hud.gov/offices/cpd/systems/idis/resources/reference_manual.cfm. The section of the appendix describes the reports available through the IDIS system to track performance.
- Participating jurisdictions can download the following reports in IDIS through the Reports Menu Option – E on the C04MM01 Main Menu:
 - PR15 Cost Per HOME-Assisted Unit/Family
 - PR16 HOME Lower Income Benefit – All Years
 - PR 22 Status of HOME Activities
 - PR 25 Status of CHDO Funds by Fiscal Year
 - PR 27 Status of HOME Grants
 - PR 33 HOME Matching Liability Report
 - PR 34 Status of OE Funds by Fiscal Year
- The HOPWA homepage with summaries of area projects with annual CAPER summary data is found at www.hud.gov/offices/cpd/aidshousing/index.cfm and for reporting at www.hud.gov/offices/cpd/aidshousing/reporting/index.cfm.
- The HOPWA national technical assistance provided website for AIDS Housing of Washington is located at www.aidshousing.org.
- HOPWA project summaries and performance information are available at www.hud.gov/offices/cpd/aidshousing/reporting/execsummary/index.cfm.

APPENDIX C – CHECKLIST

The performance measurement system should include or describe the following items:

- long-term (multi-year) goals/objectives
- short-term (annual) goals/objectives
- expected units of accomplishments upon completion of project/activity
- actual units of accomplishment upon completion of project/activity
- expected units of accomplishment during each program year of the project/activity
- actual units of accomplishment during each program year of the project/activity
- aggregation of actual units of program year accomplishments to short-term and long-term numeric goals/objectives
- outputs resulting from HUD funding are shown separately
- one or more proposed outcome(s) Yes No

If so, which indicator is used?

- one or more actual outcome(s) Yes No

If so, which indicator is used?

The Travel and Tourism Industry in Vermont

A Benchmark Study of the Economic Impact of Visitor Expenditures on the Vermont Economy – 2005



 VERMONT
www.VermontVacation.com
1-800-VERMONT

INTRODUCTION

November, 2006

This 2006 update of the original benchmark study (2003) shows steady growth for Vermont's travel and tourism industry.

In reviewing this report, keep in mind that it specifically addresses the impact of visitor spending, including that of Vermonters when they make discretionary trips in Vermont. And remember that our recreation and tourism industry also serves the local resident population in their home communities, creating economic activity and impact in addition to what is presented in this report.

The focus on visitor spending is important because the services and sales provided to visitors bring new dollars into Vermont. This is ultimately the measure of success for all of the promotional efforts, both state and private, aimed at bringing visitors to the state and encouraging Vermonters to discover and enjoy this extraordinary state.

Maintaining clear and useful performance measures for Vermont's travel and tourism industry is essential for guiding both our marketing strategies and long-term public policy. Because tourism impacts many sectors of the economy — hospitality, recreation, amusements and retail — a profile of the travel and tourism industry must be carefully drawn from those sectors.

The 2006 update includes additional detail about the spending impact of second homeowners, both resident and non-resident, based on extensive primary research that shows the significant impact of this tourism sector.

In preparing each estimate reported in the following pages, Economic and Policy Resources, Inc. has reconciled independent data sources to verify the accuracy of the estimates. This high standard of impact analysis stands out by providing clear and justifiable benchmark estimates of visitor impact on the overall state economy, industry employment and output.



Bruce Hyde, Commissioner
Vermont Department of Tourism & Marketing

GENERAL

In 2005:

- Visitors made an estimated 13.4 million trips to Vermont for leisure, business, or personal travel.
- Their expenditures for goods and services totaled \$1.57 billion.*
- * This estimate of visitor spending and each of the economic components reported here is based on a careful reconciliation of data from independent sources. For example, visitor survey data have been reconciled with taxable gross receipts collected by the Vermont Department of Taxes.
- Visitor spending supports, both directly and indirectly, more than 36,250 jobs for Vermont workers and proprietors.
- The health and potential of the state travel industry is closely linked to the marketability of the "Vermont Brand." Because visitors are attracted to Vermont for the entire experience the Green Mountain State provides, an accurate understanding of the economic and fiscal impact of the industry and its development is essential for informed policy decision-making.

For the purpose of this study:

- A visitor is defined as a person traveling to a place outside his or her normal commuting pattern for the primary purpose of leisure, business or personal business. This includes domestic visitors from other states, visitors from Canada and other foreign countries, as well as Vermont residents visiting other areas of the state.
- A person trip accounts for each individual in a travel party; two people on a trip equals two person trips. If an individual makes multiple trips, he or she is counted as a visitor on each trip.
- When a visitor, as defined above, spends money in Vermont for activities, services or goods, the size of the state's economy grows. The economic impact is comparable to selling maple syrup, cheese, granite, furniture, or high-tech goods in out-of-state markets. Because of its dollar-importing capacity, the tourism industry behaves like an export industry by bringing new dollars into the Vermont economy from out-of-state visitors and/or by retaining those dollars that might otherwise be spent out-of-state by Vermonters.

VISITORS

Visitors made an estimated 13.4 million trips to Vermont in calendar 2005, including those of domestic (both in- and out-of-state) and international origin. Visitor trips in 2005 experienced an annual growth rate of 2.3% over the 2003-05 period.

VISITORS TO VERMONT BY ORIGIN & TYPE OF TRIP

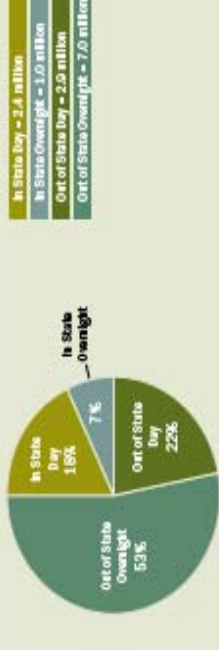
Domestic Origin		Person Trips (thousands)	
Day	1,026.7		
Overnight	5,020.0		
Second Home	1,310.6		
Foreign Origin			
Canada	1,021.0		
Day	644.0		
Overnight	66.0*		
Vermont Origin			
Day	2,435.6		
Overnight	569.1		
Second Home	410.8		
TOTAL PERSON TRIPS 2005:		13,408	

*Converted estimate from overnight survey by US Dept. of Commerce.

VISITORS

59.8% of all visitors, corresponding to an estimated 8.0 million visitors, spent one or more nights in Vermont in calendar 2005. Of that total, over 4.4 million domestic origin visitors reported staying in commercial lodging such as a motel, hotel, B&B, rental home, or campground.

VISITORS TO VERMONT BY ORIGIN & TYPE OF TRIP



In State Day	= 2.4 million
In State Overnight	= 1.0 million
Out of State Day	= 2.9 million
Out of State Overnight	= 7.0 million

COMPARISON OF BENCHMARK YEARS - 2005 v. 2003

	2005	2003	Annual % Growth
Person Trips	13,408.0	12,795.6	2.3%
Visitor Days/Nights	29,748.1	25,814.9	7.5%
Visitor Expenditures	\$1,574.4	\$1,462.0	3.8%

A survey of lodging operators indicates that 40.7% of visitors to Vermont in 2005 staying in commercial lodging originated from New England states other than Vermont. Visitors from the Mid-Atlantic States of New York, New Jersey and Pennsylvania accounted for another 32.6% of visitors staying in commercial lodging.

LENGTH OF STAY

Overnight visitors to Vermont stayed an average of 3.0 nights in calendar 2005. The majority of this group was comprised of domestic origin non-second home owners who averaged 2.9 nights per trip. Smaller visitor categories such as International origin visitors and second home owners of domestic origin had longer average night stays at 4.2 and 4.0 nights per trip respectively.

AVERAGE LENGTH OF STAY BY OVERNIGHT VISITOR TO VERMONT BY ORIGIN

Origin	# of nights per trip	# of Visitor Nights (in millions)	% of Visitor Nights
Non-Second Home Owner			
Domestic Origin	2.9	14.8	60.8%
Canadian Origin	2.7	1.8	7.2%
International Origin	4.2	0.3	1.1%
Vermont Origin	1.5	0.0	3.5%
Second Home Owner			
Domestic Origin	4.0	5.2	21.5%
Vermont Origin	3.5	1.4	5.8%

VISITOR SPENDING

Total visitor spending on all items was estimated to total \$1.57 billion in calendar 2005. This includes out-of-state and in-state day and overnight visitors to Vermont. This estimate does not include the spending by second and vacation home owners on durable goods, or the initial purchase-construction of a second home. Total visitor spending grew by 3.8% annually since the 2003 Benchmark Study.

TOTAL VISITOR EXPENDITURES BY CATEGORY - \$1.57 BILLION



VISITOR SPENDING

The average overnight visitor to Vermont spent \$177.37 per person trip on transportation, lodging, food and beverages, and retail shopping items in calendar 2005. Visitors staying in commercial lodging spent more than those staying with family and friends or staying in owned or rented second homes.

AVERAGE OVERNIGHT VISITOR* SPENDING = \$177.37



*Does not include second home visitors

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VISITOR SPENDING

The average day-visitor to Vermont spent \$66.05 per person trip on transportation, food and beverage, and retail shopping items in calendar 2005. The largest increase in the day visitor population came from Canadian visitors, at least in part due to favorable currency exchange rates.

AVERAGE DAY VISITOR SPENDING = \$66.05



Of the \$1.57 billion in visitor expenditures in calendar 2005, lodging was the largest category of total visitor spending at \$372.9 million. The second largest was restaurants/bars (at \$354.2 million) and shopping (at \$337.2 million). The largest increase in expenditures relative to the 2003 benchmark study was for gasoline, as the entire U.S. economy dealt with rising energy prices and the hurricane-induced energy price spike that occurred late in 2005.

TOTAL VISITOR EXPENDITURES BY CATEGORY

Category	Expenditures (in millions)	% of Total
Lodging	\$372.9	23.7%
Restaurant & Bar	\$354.2	22.6%
Shopping	\$337.2	21.4%
Gasoline	\$225.0	14.3%
Amusement & Recreation	\$158.8	10.1%
Gasoline	\$100.7	6.4%
Auto Repair & Services	\$25.6	1.6%
TOTAL	\$1,574.4	100.0%

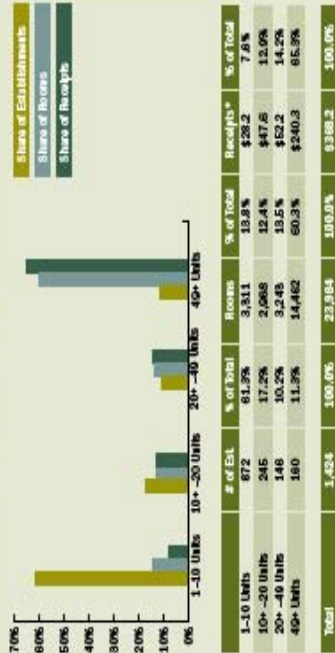
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OVERNIGHT LODGING

A typical overnight visitor party to Vermont staying in commercial lodging including motels, hotels, B&Bs, rental housing and campgrounds spent \$462.04 per visit with an average party size of 2.3 persons and a stay of 2.3 nights in 2005.

A total of 872 establishments, or 61.3% of all establishments, offered 10 or fewer units during the year.

COMPARISON OF LODGING ESTABLISHMENT BY SIZE



The 160 largest establishments offering 49 or more units accounted for 11% of the total number of establishments during the peak season and over 65% of the total lodging receipts during 2005.

AVERAGE ROOM RATES BY ESTABLISHMENT SIZE & SEASON

Establishment Size	Winter (Oct.-Mar.)	Spring (Apr.-May)	Summer (Jun.-Sept.)	Fall (Sept.-Dec.)
1-10 Units	\$118.19	\$122.74	\$116.60	\$116.87
10+ -20 Units	\$117.35	\$108.06	\$114.56	\$121.04
20+ -40 Units	\$126.05	\$133.58	\$129.81	\$145.08
40+ Units	\$124.20	\$132.96	\$123.85	\$117.83

OVERNIGHT LODGING

Average room occupancy varied markedly by size of establishment and by season. Establishments with 49 or more units reported the highest occupancy rates. The Summer season had the highest occupancy levels, followed by Fall.

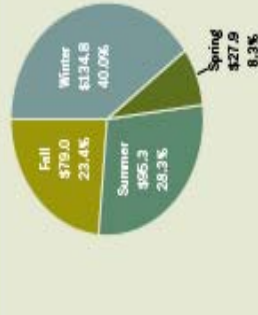
OCCUPANCY BY ESTABLISHMENT SIZE & SEASON

Establishment Size	Winter (Oct.-Mar.)	Spring (Apr.-May)	Summer (Jun.-Sept.)	Fall (Sept.-Dec.)	Total by Size
1-10 Units	15.2%	6.6%	25.2%	24.0%	18.0%
10+ -20 Units	37.5%	21.5%	44.4%	42.2%	37.7%
20+ -40 Units	42.6%	16.1%	37.2%	35.5%	31.0%
49+ Units	44.5%	32.0%	54.3%	50.0%	45.7%
Total by Season	33.6%	24.6%	45.3%	43.1%	

Notes: Averages are weighted based on relative size of actual responses. Note: Due to changes in participating establishments, direct comparisons to previous studies are statistically valid only at the "Total" level - whether "By Size" or "By Season".

40.0% of all commercial lodging receipts in 2005 were the result of visitors during the winter months (January, February, March and December of 2005). This was followed by a 28.3% share of total commercial lodging receipts during the Summer season, a 23.4% share of the total for the Fall, and an 8.3% share for the Spring.

TAXABLE ROOMS RECEIPTS BY SEASON - 2005



INDUSTRY EMPLOYMENT

A total of 36,250 jobs (approximately 12% of all jobs) were supported in the Vermont economy by visitor spending in the travel industry in calendar 2005. This includes wage and salary employees and proprietors in the lodging, entertainment, transportation, food and beverage, retail, and supporting sectors supplying the industry.

JOBS & PROPRIETORS ATTRIBUTABLE TO VISITOR SPENDING

Direct Wage & Salary Jobs Proprietors in the Industry	19,236 7,513
Indirect Wage & Salary Jobs	9,502
Total Direct/Indirect Jobs & Proprietors*	36,250

*Does not include second home construction and related expenditures.

Every million dollars of visitor spending supports more than 23 jobs in the Vermont travel and tourism industry.

The share of employment that depends on visitor activity in the sub-sectors of hotel and lodging, eating and drinking, recreation and entertainment, gasoline, and retail sales were, on average, significantly higher in Vermont than nationally.

SHARE OF TOTAL SECTOR JOBS SUPPORTED BY SPENDING - U.S. vs. VERMONT

Commodity Category - 5 sector	United States (% Total Jobs in Sector)	Vermont (% Total Jobs in Sector)
Hotel and Lodging	74.0%	88.3%
Eating and Drinking	19.6%	32.3%
Transportation*	33.5%	17.5%
Recreation and Entertainment	27.2%	35.3%
Gasoline and Oil	8.6%	22.0%
Retail and Retail-Related	2.5%	5.5%

*The share of transportation is lower because Vermont is not home to major transportation industries such as airlines and shipping.

Restaurants in Vermont were nearly one and one half times as dependent on visitor spending than the national average. The retail sector in Vermont was more than doubly reliant on visitor spending relative to its U.S. industry counterpart.

The 2005 benchmark study estimated that an additional 8,514 visitors will increase travel industry output by \$1.0 million.

STATE TAX REVENUES

Visitors to Vermont in 2005 contributed an estimated \$196.4 million in tax and fee revenues to state coffers in the General, Transportation and Education Funds. This amount does not include a full accounting of expenditures by second and vacation home owners. An estimate of the impact of second home construction is currently under development.

TAX AND FEE REVENUES FROM VISITORS

State Tax or Fee Source	State Totals (in millions)	Visitor Total** (in millions)	Visitor Portion (as % of total)
Total General Fund	\$1,070.2	\$99.3	9.3%
Transportation Fund	\$209.8	\$15.1	7.2%
Education Fund	\$832.0	\$82.0	9.9%
Total All Funds	\$2,112.0	\$196.4	9.3%

**Does not include second home construction, related expenditures and real estate capital gains.

TOP 4 VISITOR CONTRIBUTIONS TO STATE REVENUE

State Tax or Fee Source	State Totals (in millions)	Visitor Total** (in millions)	Visitor Portion (as % of total)
Rentals & Meals Tax	\$122.8	\$55.1	44.9%
Gasoline Tax	\$85.9	\$12.1	14.1%
State Education Property Tax	\$678.5	\$72.8	10.7%
Sales & Use Tax	\$317.5	\$26.8	8.4%

**Does not include second home construction, related expenditures and real estate capital gains.

The 2005 Benchmark Study is the second in a biennial series of studies to estimate the economic and fiscal impact of Vermont's tourism industry on the Vermont economy. The study adheres to the objective and defensible methodologies established in the 2003 study. Comparisons between the two benchmark years provide reliable measures of performance and trends the Department of Tourism and Marketing will use to develop and strengthen the visitor industry in Vermont.

- The 2003 and 2005 benchmark studies, and the supporting research conducted over the past three years, underscore the importance of a healthy and vibrant tourism industry as an economic driver for the Vermont economy. Because the tourism industry has an impact across many sectors of the federally defined categories, this analysis is a complex undertaking. What emerges is that Vermont's tourism industry is a dynamic combination of entrepreneurs, small businesses, and outstanding natural amenities that provides a robust contribution to the economic well-being of thousands of state residents.
- The industry is an integral part of a rural, working landscape, and whether looking at the jobs created or taxes collected, visitor spending provides a significant portion of local and regional economic activity in virtually every part of the state.
- Tourism has a stabilizing effect in Vermont's economy by insulating the state's residents from the inevitable ups and downs of national-global business cycles, while providing individuals and their families with a diverse set of earning possibilities and challenging occupations that fit into their lifestyle and family situation.

This study provides a great deal of useful information and highlights some very important facts, including:

- The Vermont tourism industry directly and indirectly employs 36,250 Vermonters (approximately 12% of all jobs).
- Direct spending by visitors adds \$1.57 billion to the Vermont economy, representing an annual growth of 3.8% from the 2003 study.
- Five out of the six key sectors of the Vermont tourism economy are more dependent on visitor spending than the national average; some by as much as two and even three times greater than the comparable sector nationally.
- Visitor spending in 2005 contributed an estimated \$196.4 million in tax and fee revenues to the state of Vermont.

Analysis of this important job and income-generating sector of the Vermont economy will be ongoing, looking at different aspects of the tourism industry in greater detail. Every sector study undertaken will conform to the benchmark standards so that results across the years are consistent, comparable and defensible. The complete 2005 report, including appendices, can be found online on our industry website at www.VermontPartners.org.

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Appendix 1

AGENCY/DEPARTMENT: Vermont Economic Development Authority

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

- VEDA collects employment data as part of the applications for commercial financings.
- The data collected is shown on the survey form (attachment B.2). This form is also sent annually to borrowers (the “survey”).
- Applicants provide an estimate of the jobs they expect to create within the next three years as a result of the VEDA project.
- The information collected at application and the survey data are used to determine how many jobs have actually been created, impacted and retained and how well borrowers predict the number of jobs that might be created.

The survey process is difficult and costly. First the letters must be created and mailed with the form. When the information is returned it has to be logged into a database. This database then needs to be coordinated with VEDA’s main customer database when a second or third mailing is sent to eliminate borrowers who have already responded. Also the data often does not come back in a complete form and these borrowers need to be contacted by phone to complete any missing data. VEDA is investigating an automated internet based data collection system as well as the use of third party vendors to collect data. No cost estimates have yet been determined for either the current or prospective data collections methods.

Data and Collection Issues:

For employment data to be meaningful it must be accurate, timely and consistent. It is important to determine what data about employment is important. VEDA has found that including the number of jobs impacted (total jobs), created (new jobs) and retained (jobs that otherwise would be lost) are all important measures of economic development benefit. Measures of job quality are also very important. VEDA uses average hourly wage with and without benefits to measure job quality. VEDA asks borrowers to detail the types of benefits offered to employees, but the dollars spent by the company is the best available measure of the quality of the benefits. Another measure VEDA uses is investment per job created or retained (dollars financed divided by the number of jobs created or retained). Investment per job is more relevant for certain VEDA programs than others (for example, large revenue bonds can skew this measure).

Finally, to measure job growth accurately you must have hourly wage information for hourly employees and annual salaries for salaried employees. What benefits are to be included? How can the costs be determined? VEDA asks for numbers of hourly and salaried employees and the total benefits as a % of total payroll. The salaried employees are converted to an hourly wage using 2080 hours per year (40 x 52 weeks). The benefits percentage can be applied to the average hourly wage to get the wage including benefits.

Finally, a critical element of the data gathering is full-time equivalents (FTE). Without a consistent “basis of 40-hours per week = full-time” it is virtually impossible to compare data. For example, employers in the travel and tourism sector have many seasonal and part-time employees. To count these part-time employees the same as a full-time greatly distorts both the average hourly wage and the number of jobs created.

Appendix 2

AGENCY/DEPARTMENT: Labor

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

- **The Current Economic Survey, (CES):** CES provides a very timely monthly employment by major industries across Vermont. We report by State-wide and for the Burlington Metropolitan Statistical Area (MSA).
- **Quarterly Census of Employment and Wages: (QCEW).** QCEW provides the most accurate and complete look at job counts and wages paid by industry type for public and private establishments whose employees are covered by Unemployment Insurance. Since all UI covered businesses must report, it is truly a "census." We report by industry as defined by CENSUS / Dept. Labor North American Industrial Classification System (NAICS) Codes. By federal statute we can report no information that would tend to identify an individual business. Confidentiality becomes an issue in states like Vermont with relatively few businesses.
- **Local Area Unemployment Statistics: (LAUS).** LAUS is a survey / modeling program that provides a monthly look at the labor force, total household employment, unemployment and the state and local area unemployment rates.
- **Occupational Employment Statistics: (OES).** The OES survey program provides an annual look at Vermont's employment by occupation and wages paid by occupation (CES and QCEW report by industry). Business and employees use this data to determine prevailing wages. Educators and job seekers use our occupational growth projections to assist in career development.
- **Vermont Benefits survey:** We conduct a biannual benefits survey (last one in 2005) to understand the nature of benefit packages being offered by Vermont's business. We only examine one geographic area (state-wide), though we do breakdown businesses by five employee size classes. We have not asked for any cost information to date. This survey is not funded, so we must keep the scope small. There is a lot more we could do if we had resources to support this program.

Appendix 3

AGENCY/DEPARTMENT: Vermont Economic Progress Council

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

I. Performance Measures and data collected

A. EATI, VEGI, Education Tax Incentives:

1. Program Administration Data/Measures (By Statewide and County):

- Number of applications considered
- Number of applications approved, denied
- Number of companies, municipalities, and projects served
- Number and amount of incentives authorized (By total, and type of incentive)
- Number and amounts of incentives rescinded
- Number and amounts of incentives disallowed and recaptured
- Number of performance expectation reviews performed
- Company size by number of employees
- Retention/expansion versus recruitment
- Vermont versus multi-state company
- Type of expansion

2. Program Performance Data/Measures (By Statewide and County):

- Amount of net revenue benefit/cost projected and actual
- Amount of Incentive earned, applied, and carried-forward (by year and entity type)
- Number of full-time jobs projected and created
- Number of jobs retained
- Amount of new payroll projected and created
- Amount of investments (research and development; workforce development, high tech, and capital) projected and made
- Average annual wage/salary, benefits, and annual compensation for new full-time jobs created

B. Tax Increment Financing (TIF) District (Program has not started yet; following indicates data required to track):

- Scope of planned improvements and development
- Equalized grand list prior to TIF approval
- Original taxable property
- Tax increment
- Annual amount of tax increment utilized

II. Issues with Data

- A. *Data we utilize:*** To measure compliance with one of the EATI and VEGI program guidelines, we rely on published DOL data (annual average wage). At the town and county level, this data is sometimes not published. We are negotiating an agreement to have DOL provide the data on a confidential basis.
- B. *Impact measure:*** Often, the fiscal impact of tax incentives is measured by the amount of incentives that are authorized each year. This is an incorrect measurement. Incentives are authorized and then must be earned and claimed as the activity actually occurs, and the incentive must be utilized by the business/municipality. For example, a tax credit does not impact the treasury unless the company does the activity, claims the credit, and has the tax liability against which to apply the credit. Even this amount does not give a true indication of the net revenue benefit or cost of the incentives. The amount of incentives applied must then be measured against the amount of revenue generated by the economic activity to arrive at the best revenue impact (cost/benefit). This has been a difficult data set to calculate because the correct data was not collected at the beginning of the program from the businesses to measure the revenue impact of the economic activity. That data is now collected and will be collected under the VEGI program.
- C. *Timeliness of impact:*** The Unified Budget exercise appears to be moving in the direction of an annual measure. The difficulty with measuring a tax incentive program in this manner is that the overall economic and revenue impact of each project takes place over a different 5 to 10 year period and it takes either 5 (VEGI), 7 (EATI), or 10 (Education tax incentives) years to get the total costs and benefits and therefore a true economic and revenue impact. Anything less for each project provides a snapshot at that time and is not indicative of the overall impact or success of the program.
- D. *Calendar vs. Fiscal:*** A further complication is that not all programs are operable or measured on a fiscal year basis. The incentive programs are set up on a calendar year basis.
- E. *Data availability:*** The current Unified Budget exercise is trying to sort out FY06 and FY07 data. A tax credit program deals with tax returns. For example, tax is currently examining tax year 2005 returns with credit claims for activity that occurred in 2004 and 2005. FY06 data will not be available for another two years. This will be less of an issue with the new VEGI program, which will provide the data within six months of the end of a calendar year.
- F. *An additional issue*** with any accounting of the impacts of economic development programs is overlap. The jobs that the incentive program is helping to create may be the same ones that VEDA or CDBG were involved in creating.

Appendix 4

AGENCY/DEPARTMENT: Housing and Community Affairs

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

Outcome Performance Measures

The State's Consolidated Plan for FFY 2005-2010 outlines specific priorities with respect to the use of federal dollars provided to the state from the formula funding program covered by this Plan (CDBG, HOME, ESG, HOPWA). These priorities were derived from the extensive public input process utilized to develop the 5-year Consolidated Plan as well as an in-depth housing needs assessment completed in 2005. The State recognizes not only the importance of setting priorities for the use of these funds but the importance of establishing a system to measure our ability to achieve these priorities.

A working group, convened by the Department of Housing and Community Affairs (DHCA) in 2004, made up of representatives of the four CPD formula grant programs has been active in reviewing and providing input to the outcome measurement system developed by the Joint HUD/OMB/Grantee Outcome Measurement Group (Joint Group). The outcome measurement system developed by the Joint Group has been accepted by HUD and HUD has encouraged state and entitlement grantees to use it as a model for their jurisdictions. The State intends to do just that and during the 2006-2007 year, the system will be implemented to the fullest extent practicable.

The fundamentals of the system include three objectives, three outcome measures and a number of outcome indicators that can be used to report results for all four formula grant programs. The priorities established in the Consolidated Plan will fall within one or more of these prescribed objectives and outcomes. The three objectives are the following: 1.) creating suitable living environments; 2.) providing decent affordable housing; 3.) creating economic opportunities. The three outcomes categories are the following: 1.) accessibility/availability; 2.) affordability and; 3.) sustainability.

The State's strategy is to identify common outcome indicators applicable to more than one type of activity and activity specific indicators (included under each priority statement) for each identified priority in the Consolidated Plan. The outcome indicators will have to be tracked and reported by our grantees. The specific outcome indicators developed by the Joint Group will be utilized as well as any optional indicators selected by our grantees based on the goals of their projects.

Common Indicators

- Amount of other resources leveraged per activity
- Number of persons, households, units, or beds assisted, as appropriate.
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent, or 80 percent of area median income.
- Dollars expended per activity
- Race, ethnicity, and disability (for activities in programs that currently report these data elements)

A pairing of the State's identified Consolidated Plan priorities and required specific outcome indicators is listed below:

Priority: Increase Employment Opportunities

Support use of VCDP assistance for community development activities focused on creating and retaining jobs and striving for the best quality jobs attainable for low and moderate income workers.

Outcome Indicators:

- Number of jobs created and retained
- Jobs with employer sponsored health care
- Types of jobs created (use existing Economic Development Administration classification)
- Employment status before taking job created
 - Number of unemployed
- DUNS number(s) of business assisted (HUD will use the DUNS numbers to track number of new businesses that remain operational for 3 years after assistance.)
- Total businesses assisted
 - Number of new businesses assisted
 - Number of existing businesses assisted, of those, number of expansions and number of relocations
 - Number located in a downtown

Priority: Increase the Supply of Housing

The state is experiencing an insufficient supply of housing across all types except the most expensive tier. While the needs for housing differ by region, the state could easily absorb thousands of new housing units, including housing for persons with special needs.

Rental and/or Homeownership Units Constructed:

Outcome Indicators:

- Number of total units affordable
- Number of total units Section 504 accessible

- Number of total units created through conversion of nonresidential buildings to residential buildings
- Number qualified as Energy Star
- Number of units with appropriate wiring for broadband access
- Number of new construction projects located in a downtown

Of affordable units,

- Number occupied by elderly
- Number subsidized with project-based rental assistance (federal, state, or local program)
- Number of years of affordability
- Number of housing units designated for persons with HIV/AIDS, including those units receiving assistance for operations
- Number of units for the chronically homeless, of those, the number made Section 504 accessible
- Number of units of permanent housing designated for homeless persons and families including those units receiving assistance for operations
- Of homeowner units, number occupied by first-time homebuyers

Priority: Stabilize the Existing Housing Stock

Stabilizing the housing stock we have is critical to meeting the housing needs of Vermont residents. The housing stock is old and in many cases in need of significant investment. The existing housing stock referred to includes both existing owner-occupied housing units as well as existing rental housing projects. Investments need to be made in both areas.

Outcome Indicators for Rental Projects Rehabilitated:

- Number of rental rehab projects located in a downtown
- Of total units rehabilitated:
- Number affordable
 - Number Section 504 accessible
 - Number brought from substandard to standard condition (HQS or local code)
 - Number qualified as Energy Star
 - Number brought into compliance with lead safe housing rule (24 CFR part 35)
 - Number of units with appropriate wiring for broadband access
- Of affordable units:
- Number occupied by elderly
 - Number subsidized with project-based rental assistance
 - Number of years of affordability

- Number of housing units designated for person with HIV/AIDS, including those receiving assistance for operations
- Number of units for the chronically homeless
- Number of units of permanent housing for homeless persons and families, of those, the number made Section 504 accessible

Outcome Indicators for Owner Occupied Units Rehabilitated or Improved:

- Number occupied by elderly
- Number of units brought from substandard to standard condition (HQS or local code)
- Number of units qualified as Energy Star
- Number of units brought into compliance with lead safe rule
- Number of units made handicapped accessible
- Number of units located in a downtown

Priority: Remediate and Reuse Brownfields

Vermont has brownfields sites that are located in areas prime for redevelopment and reuse- close to, or in our downtowns. Most of the sites have adequate infrastructure due to their downtown location. A state priority is to develop, redevelop or reuse these sites.

Outcome Indicators

- Number of acres of brownfields remediated
- Number of brownfields sites remediated and reused located in a downtown
- Other indicators as appropriate to end-use (i.e., housing, economic development, public facility)

Priority: House individuals and families, who are homeless, or at risk of homelessness, including those with special needs.

Outcome Indicators

- Unduplicated number of homeless persons given overnight shelter
- Number of beds created in overnight shelter or other emergency housing
- Number of households that received emergency financial assistance to prevent homelessness (specifically rental assistance programs, emergency assistance through the Department of Children and Families, and back rent programs)
- Number of households that received emergency legal assistance to prevent homelessness
- Number of participants enrolled and attending educational and literacy programs

- Unduplicated number of families moving from shelter to transitional housing
- Unduplicated number of families moving from shelter into permanent housing
- Number of participants seeking employment who obtain it
- Unduplicated number of participants receiving financial assistance or non-cash benefits

Priority: Enhance opportunities to sustain and increase homeownership, including expansion of existing mobile home parks or new mobile home parks and encouraging use of manufactured housing by housing developers, condominiums, and cooperatives, among low and moderate income households and households headed by individuals with special needs.

Outcome Indicators

- Number of first-time homebuyers
- Of first time homebuyers, number receiving housing counseling
- Of first time homebuyer, number of minorities assisted
- Number receiving down-payment assistance and/or assistance with closing costs.
- Number of subsidized mortgages provided

Priority: Accomplish mixed-income developments, including shared housing, to create integrated communities.

Outcome Indicators

- Percentage of units in a project that are market rate
- De-concentration of subsidized housing units
- Number of mixed-income projects located in a downtown

Priority: Assist communities with public infrastructure and facility needs in support of economic development and housing, especially projects located in downtowns or growth centers. Remove access barriers to public buildings for people with disabilities.

Outcome Indicators

Number of persons assisted:

- With new access to a facility or infrastructure benefit
- With improved access to a facility or infrastructure benefit
- Where activity was used to meet a quality standard or measurable improved quality, report number of households that no longer only have access to a substandard facility or infrastructure
- Number of public infrastructure and public facility projects located in a downtown

Priority: Assist communities with public service projects that support services facilitating job creation and or retention, create/retain housing opportunities, or that provide services to low and moderate income persons, or to persons with special needs.

Outcome Indicators

Number of persons assisted:

- With new access to a service
- With improved access to a service
- Where activity was used to meet a quality standard or measurably improved quality, report number of households that no longer only have access to substandard service

See Attachment B3 on HUD form for statistical analysis as well.

Appendix 5

AGENCY/DEPARTMENT: Tourism and Marketing

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

Research: VDTM has established an on-going program of research to measure the impact of tourism on the Vermont economy, to identify the origins of visitors to the state, and to profile their activities and spending while in Vermont. In FY 2003, the VDTM launched a series of studies about the impact of the travel and recreation industry on Vermont's economy. The reports have brought to light measures of job quality, the income derived by both wage earners and proprietors of tourism-related businesses, seasonal occupancy in lodging establishments, reconciled estimates of visitor spending and length of stay by both non-residents and Vermonters, and entirely new information about the visitation patterns and economic impact of second home owners. These new benchmarks are established in an economic model that can be consistently replicated in the future. The latest, the executive summary of the 2005 benchmark study is now available for distribution in both print and electronic formats. (See Attachment B.4)

Appendix 6

AGENCY/DEPARTMENT: Tax

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

A portion of the legislative mandate for the unified economic development budget proposal relates specifically to a joint publication of the tax department and the joint fiscal office.

(1) The aggregate amount and program-specific amounts of uncollected or diverted state tax revenues resulting from each type of development assistance provided in the tax statutes, as reported on tax returns filed during the fiscal year to the department of taxes and on the expenditure report required by 32 V.S.A. § 302. [sic 312]

Act 75 (2005) required a biennial tax expenditure report beginning in 2009, with annual transitional reports to be produced in 2006, 2007, and 2008. Income tax expenditure estimates are from tax return data and provided on a tax year basis with a two-year lag. For the January 2007 report, income tax expenditure amounts are for tax year 2004, which was processed in 2005. Expenditure estimates in the January 2007 report for sales and use taxes are for FY2005. Next year's transitional report will add meals and rooms taxes and property taxes, and the first biennial report will also require expenditure reporting on bank franchise and insurance premiums taxes.

Statistics produced by the tax department from state returns are available on the department website and used widely. In addition, the department at times produces special reports for other state agencies or private organizations from state or federal data.

Limitations in publishing and using tax return data include issues of confidentiality; timeliness of available data; errors in reporting; definitions for tax purposes, e.g., of income, that are sometimes not well understood; and time-series comparisons that reflect statutory changes.

Appendix 7

AGENCY/DEPARTMENT: Organization for Economic Opportunity

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

The two performance measures or outcomes that we consistently collect for our microbusiness lending program (also known as Job Start) managed by the five Community Action Agencies are:

1. The number of full time jobs created through the Microbusiness Program: 121.5 Full time jobs were created in Federal Fiscal year 2006 (10/1/05-9/30/06).
2. Dollars leveraged for capital and the number of businesses created: \$1,501,032 in capital leveraged resulted in 97 new business start ups, 14 business expansions and 64 business enhancements (FFY 06).

Appendix 8

AGENCY/DEPARTMENT: Agriculture, Food and Markets

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

The Agency collects data on the number of dairy farms. We rely on federal sources, specifically USDA, for other data, such as number of (all) farms, land in farms, prices, production, yield, cost of production, etc.

Appendix 9

AGENCY/DEPARTMENT: Economic Development

DATA USED/REVIEWED RELATED TO ECONOMIC DEVELOPMENT PROGRAMS

DED Administrative Budget; Business Support; Recruitment; Communications and Marketing; VT Global Trade Partnership; Financial Services; Government Marketing Assistance Center

Goal: To lead and coordinate efforts to foster growth of higher quality jobs and a strong diversified economy through supporting existing businesses and entrepreneurs while attracting new businesses to the state; assist new and expanding companies with facility site relocation and/or expansion support; financing and marketing information; state permits and regulatory information; workforce training initiatives.

Outcomes: Increase the number of job opportunities for Vermont workers by helping existing businesses succeed and grow, as well as identify and work with companies looking to expand or relocate to Vermont; increase median incomes of Vermonters; increase the job skills of Vermont workers; increase the number of captive insurance licenses in Vermont; expand the import/export opportunities for Vermont businesses through outreach and educational programs, trade missions, technical assistance and market research; assist Vermont businesses on federal, state and local government contract bid process.

How do we determine success? Monitoring of service/support to DED divisions to insure minimal administrative costs and efficient use of taxpayers' dollars; annual increase in number of captive insurers and maintain or increase level of captive insurance premium taxes; continue level of service in GMAC program to assure Vermont companies are successful in government bid process; assess the number of business visitations conducted by DED staff and Regional Development Corporations; assessment of market awareness; identification and leveraging of industry clusters; number of jobs created and/or retained.

What data do we collect? Monitor business visits by DED retention staff; monitor employment and job growth data from DOL; monitor reports from RDCs concerning business activity in the various regions; monitor on-line VT Business Registry; employment and job growth data from DOL and other sources.

Barriers: Need for a more supportive customer relations management tool that meets the requirements of all our divisions; utility of DED web site needs to be improved (work is in progress on this initiative); lack of funds for additional marketing for financial services to offset increasing competition from other states for the captive insurance market; difficulty in visiting top 500 businesses in a timely manner due to staff workload.

Regional Development Block Grants – These are grants that DED administers to RDCs to assist in the day-to-day operation of their programs.

Goal: is to foster growth of high-wage jobs in the region through support of existing businesses, and the recruitment of new business enterprise to the region.

Outcomes: Retention and growth of businesses and employment; improving the standard of living of Vermonters; building resources through strong economy that supports environmental protection, education, and cultural and social growth; development of educational and technical infrastructure.

How do we determine success? Compliant requirements set forth in each RDC grants work plan, and feedback from RDC directors and board members.

What data do we collect? Periodic reports from RDCs outlining results of business visitations; routine contact with RDCs to discuss issues and concerns of employers/businesses; financial statements compliant with GAAP.

Barriers: Limited staffing of some RDCs has an impact on their ability to provide punctual reports.

Vermont Training Program

Goal: Promote industrial expansion and encourages the creation and retention of manufacturing jobs by providing training grant funds to new and existing businesses.

Outcomes: Creation of new employment opportunities; providing a skilled, highly motivated workforce for Vermont employers while increasing the average wage of manufacturing workers.

How do we determine success? An annually determined percentage increase in the number of businesses served; a similar increase in the number of employees trained; number of new training contracts initiated; an analysis of the economic impact to the State of Vermont as a result of training provided through the program.

What data do we collect? Number of companies involved; the number of employees trained; the cost of training; average wages paid following training completion; new jobs created.

Barriers: Training opportunities available to businesses limited by workload requirements of one-person training program staff.