



# **Study on Effectiveness of Incentive Programs in Attracting New Workers**

Act 51, Sec. 2b., New Relocating Workers; Study

**REPORT**

Report to the General Assembly

December 15, 2021

Submitted by

Michael S. Pieciak, Commissioner of Financial Regulation



89 Main Street, Montpelier, VT 05620 - 3101  
(p) 802-828-3301 | <http://www.dfr.vermont.gov/>

## Act 51 Study – New Worker Incentive Programs

TO: Chairs, Senate Committee on Economic Development, Housing & General Affairs; Senate Committee on Appropriations; House Committee on Commerce & Economic Development; House Committee on Appropriations  
FROM: Michael Pieciak, Commissioner of Financial Regulation  
SUBJECT: Act 51 – New Worker Incentive Programs  
DATE: December 17, 2021

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Dear Senators Kitchel and Sirotkin and Representatives Marcotte and Hooper,

We submit the attached study pursuant to § 2b of Act 51 of 2021. The Department, in accordance with Act 51, conducted an RFP process and retained PFM Group Consulting LLC to study and report on the effectiveness of incentive programs to attract new workers in meeting the demographic challenges and workforce shortages that exist in Vermont.

The PFM Group performed several types of background research and analysis that are reflected in the report:

- Canvassed similar programs in other states and municipalities, as well as reporting about the efficacy, costs, and benefits of those programs;
- Surveyed participants in the two completed worker-incentive programs (2018 New Remote Worker Grant Program (“2018 Program”) and 2019 New Worker Relocation Incentive Program (“2019 Program”));
- Conducted economic modeling to approximate the economic effects and direct tax revenues derived from the participants in those programs.

**Report Limitations:** We want to explicitly note that there are limitations on calculating the direct or indirect economic or tax revenue impacts of these programs.

- The first limitation is quantifying how many of the programs’ participants would have relocated to Vermont absent the incentives. PFM Group navigated this limitation by surveying the program participants to gauge how impactful the incentives were on their decision to relocate to Vermont and discounted the economic impact based on the survey results (this is discussed in more depth on pages 16 to 24 of the report). We consider this a reasonable approach, but believe it likely results in an analysis toward the higher end of the possible economic impact, which we will explain further below.
- The second limitation is quantifying the “net” economic or direct tax revenue impact on the microlevel. For example, consider a program participant who decided to relocate to

Vermont due to the incentive and purchased a home. Now consider that the home's seller is relocating out-of-state and has a higher income compared to the program participant. Or consider that an individual with a higher income would have otherwise purchased the home if not for the program participant's purchase. How do you assess the "net" economic impact to the state from these situations? These examples could of course cut the other way resulting in even greater economic impact to Vermont, however, the point is simply that there is no way to quantify these microlevel "net" impacts.

With these limitations in mind, the consultant, analyzed the inputs from their research and modeling and determined these are significantly positive programs with substantial return per tax dollar spent. The consultant drew several specific conclusions about the programs' impact:

**Economic Impact Estimates:** The consultant estimated the 140 participants in the 2018 Program helped spur the creation of 52 new indirect jobs, \$2.5 million in wages and \$7.6 million in annual economic impact in Vermont. Further, the consultant estimated the 167 participants in the 2019 Program induced the creation of 63 new jobs, \$3.1 million in wages and \$9.5 million in annual economic impact.

**Direct Tax Revenue Estimates:** The consultant also estimated the 2018 and 2019 Programs created roughly \$419,001 and roughly \$527,089 in annual state tax revenue, respectively. Considering the appropriations for the 2018 and 2019 Programs (\$500,000 and \$670,000 respectively), the consultant estimated both programs paid for themselves within two years of implementation.

Considering these impacts together, the consultant estimates that every tax dollar spent on 2018 program results in \$93.88 in economic activity and every tax dollar spent on the 2019 program results in \$66.26 in economic activity.

Again, it is impossible to precisely quantify the economic impact of any given worker-incentive program, but we found the consultant's approach to be reasonable. It is possible that the consultant's estimate is toward the higher end considering the discount factor used, however, even if the estimates were discounted by another 50%, the programs would likely pay for themselves in three years rather than two (in terms of direct tax revenue) and the programs would still result in substantial positive economic activity.

**Other Key Considerations:** For many employees the pandemic has permanently altered or eliminated the relationship between work location and residence. Employees in high-income urban areas can move to other locations that are more affordable or desirable for other reasons (outdoor activities, quality education, safety, etc.). This highlights the need to continue and, if possible, accelerate efforts to make Vermont more affordable regarding housing and tax burdens. The report also notes that access to childcare and high-speed internet are key determinants in choices about relocation.

Although Vermont was a leader and first mover with its 2018 Program, at least 52 other jurisdictions (states and municipalities) have since developed incentive programs designed to attract relocating workers. Accordingly, it is possible that jurisdictions without relocation

incentive programs are already less competitive and will become increasingly less competitive as further programs as established.

**Recommendations:** The consultant also offered some guidance as to how to structure programs depending on the goals to be achieved. The consultant noted, in particular, that some other states and municipalities have had some success attracting relocations to economically distressed areas via holistic programs that include both economic incentives and other programs (e.g. housing and childcare assistance) to participants.

Thus far, while Vermont does offer assistance in areas like housing and childcare broadly to all residents (or particular income groups), it has not to our knowledge paired such assistance specifically with new- or remote-worker incentive programs. Such pairings may, according to the report, be worth exploring.

The consultant noted that pairing childcare and housing assistance with these incentive programs would be helpful in large part due to challenges we are all familiar with in those areas: high cost and limited availability. Indeed, the consultant broadly recommended that the State must urgently address those areas, as well as broadband availability. The consultant noted that such efforts would benefit Vermont's existing residents as well as new workers receiving incentives.

The consultant's other recommendations for redesigning the programs are each worthy of further discussion and exploration during the upcoming legislative session.

We would be glad to discuss the report at your convenience, and to work with the committees and other stakeholders in considering legislation or other action on these important issues.

All the best,



Michael S. Peciak  
Commissioner of Financial Regulation

# State of Vermont Department of Financial Regulation

Study on Effectiveness of Incentive Programs in Attracting New Workers  
FINAL REPORT

December 8, 2021

**PFM Group Consulting LLC**  
BNY Mellon Center  
1735 Market Street  
43<sup>rd</sup> Floor  
Philadelphia, PA 19103



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# Executive Summary

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Since 2018, the State of Vermont has enacted three financial incentive programs for workers to attract new residents, grow the state's workforce and provide support to Vermont employers:

1. The **New Remote Worker Grant Program (2018 Program)** focused on recruiting remote workers relocating to Vermont on or after January 1, 2019. The program provided grants of up to \$10,000 per individual and had an overall budget of \$500,000.
2. The **New Worker Relocation Incentive Program (2019 Program)** targeted relocating workers becoming residents on or after January 1, 2020. With overall funding of \$670,000, the Program provided base grants of up to \$5,000 and enhanced grants of up to \$7,500 for workers who relocated to economically distressed areas of the state.<sup>1</sup>
3. The **New Relocating Employee Incentives Program (2021 Program)** combines elements of the 2018 and 2019 Programs, allocating \$480,000 for grants to relocating workers who move to the state on or after July 1, 2021 and \$130,000 for grants to remote workers who become residents on or after February 1, 2022. The Program provides base grants of up to \$5,000 and enhanced grants of up to \$7,500 for workers residing in economically distressed areas.

In accordance with the requirements of Vermont's Act No. 51 (2021), the Vermont Department of Financial Regulation (the Department or DFR) issued a request for proposals (RFP) to engage an independent consultant to quantitatively and objectively study and report on the effectiveness of these Programs in meeting the state's demographic challenges and workforce shortages. Through this process, PFM Group Consulting LLC (PFM or the PFM project team) was selected as the independent consultant.

## Key Findings

The specific criteria DFR selected by which the Programs were to be evaluated as part of this study were intended to determine how influential the Programs have been in individual relocation decisions and their impacts to the state and its economy, among other factors. Findings related to these factors are summarized below.

### 1. **Were Vermont grant recipients' decisions to move to Vermont materially influenced or caused by the grant programs?**

A survey of 2018 and 2019 Program grantees suggests that the incentives materially influenced the decision to move to Vermont for approximately half of recipients, a notable finding given that the average incentive award issued was less than \$5,000 per individual. Survey responses differed by program, with 60 percent of grantees in the 2018 Program and 47 percent of grantees in the 2019 Program indicating that the incentive was "somewhat important" or "very important" to their decision.

On multiple occasions, incentives were referred to by internal and external stakeholder interviewees as the "icing on the cake," reflecting the reality that an incentive alone rarely drives relocation decisions. Instead, multiple factors influence individuals' decisions to move to Vermont. Other leading factors include access to outdoor recreation and nature, the perception of Vermont as a safe place to live and raise a family, access to community/cultural amenities, existing connections to the state prior to relocating, and the pursuit of a job opportunities. Multiple other states offer these attributes in some combination, and 60 percent of survey respondents indicated they considered moving to another state before selecting Vermont.

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<sup>1</sup> The terms "economically distressed" and "economically disadvantaged" are used interchangeably throughout this report.



**2. Are particular incentive structures more likely to influence decisions to relocate to Vermont? If so, which are most cost effective?**

Incentives are most effective when they are part of a holistic economic development strategy, not just standalone initiatives.<sup>2</sup> A program evaluation necessarily examines the effect of the incentive in isolation, but in reality, the incentive is considered in combination with many other factors that affect business or individual relocation decisions.<sup>3</sup> Effective incentive structures take these multiple factors into account and work in concert with other state and local initiatives that address them. Other states and localities offering remote work or relocating worker incentives often take this approach, including housing, networking, community-building and other quality of life benefits and services along with cash incentives. In this way, an incentive's individual impact can be magnified as it is combined with other programs, improving its cost effectiveness.

Ultimately, the “most cost effective” structure depends on the state's goal. If the goal of the Programs is to maximize the tax revenue Vermont gains as a result of its investments, the most cost-effective incentive structure would be one that encourages people with high-paying jobs to relocate to the state. However, while focusing on high-paying jobs may fare well from a cost-benefit perspective, such an approach could not be considered effective because it would not help Vermont reach its economic development goals of assisting economically distressed communities or aiding Vermont employers trying to fill lower-wage positions.

**3. Does a program that successfully influences residents of other states to relocate to Vermont result in net gains to the Vermont economy? If so, what is the scope of such gains?**

The 2018 and 2019 Programs provide a substantial return per tax dollar spent. An economic impact analysis of the two Programs indicates that the 2018 Program generated an estimated 52 new jobs, \$2.5 million in wages and \$7.6 million in total economic impact, and the 2019 Program generated an estimated 63 new jobs, \$3.1 million in wages and \$9.5 million in total economic impact. In addition, the 2018 Program returns an estimated \$93.88 in economic activity for every net dollar spent by the State, and the 2019 Program returns an estimated \$66.26 in economic activity for every net dollar spent.

In addition to these economic impacts, the Programs also likely provide other net gains to the state's economy, such as the value of media coverage in increasing awareness about Vermont and its exposure to potential new residents and businesses.

**4. Can the programs be better structured to incentivize relocating individuals to move to economically disadvantaged parts of the state?**

A modest incentive program alone is unlikely to be effective in motivating workers to relocate to economically disadvantaged parts of the state. However, an incentive may be more successful if structured to work in concert with local attraction initiatives and state efforts to address other challenges associated with living and working in economically disadvantaged areas, such as the cost and availability of housing, childcare needs, and reliable high-speed internet access.

Grant recipients of the 2018 and 2019 Programs indicated that offering more money (56 percent), providing housing assistance (59 percent), providing childcare assistance (49 percent), and aggregating information regarding business/work support programs (41 percent) would be

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<sup>2</sup> Harpel, E. “Cost-Benefit Analysis of Investment Incentives” in Rethinking Investment Incentives. Trends and Policy Options. Ana Teresa Tavares-Lehmann, Perrine Toledano, Lise Johnson, and Lisa Sachs. Columbia University Press. 2016; Hackler, D. and Harpel, E. “Incentives for Entrepreneurial Firms.” Ewing Marion Kauffman Foundation, 2021.

<sup>3</sup> McKinsey & Company, “How State and Local Governments Win at Attracting Companies,” (September 13, 2019). Accessed electronically at <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/how-state-and-local-governments-win-at-attracting-companies>



effective options for encouraging moves to economically disadvantaged areas. Vermont should consider increasing the maximum value of grants awarded and/or restructuring its incentives to address these factors.

**5. Should certain types of compensable expenses (e.g., those that increase the value of the recipient's home) be reimbursable to the state? Should grants be contingent upon a particular duration of residence?**

Among states and localities with incentives and/or goals similar to Vermont's, none were identified which require recipient reimbursement of certain types of compensable expenses covered under the Program in the event that some condition is not met after the award has been received. It would be administratively complex for Vermont to identify and seek reimbursement for certain grantee expenses. Further, the majority of grantee expenses identified in the 2018 and 2019 Programs are related to relocation, so tracking infrequent activity that increases home value or is otherwise unrelated to relocation is not likely to yield much benefit to the state (and would increase administrative costs). In addition, the possibility that the state could "claw back" funds in the future might be a deterrent for potential grantees.

With regard to whether grants should be contingent upon a particular duration of residence, Vermont is an outlier among states and localities with similar programs. While Vermont's Programs are based on establishing residency as of a given date,<sup>4</sup> they do not stipulate how long a grant recipient must remain a Vermont resident or the timeframe within which one must relocate. Several states and localities do impose such residency duration requirements as a condition of receiving a relocation incentive. In such locations, benefits are typically paid out over multiple months or years – and if relocated workers leave, they are generally not required to pay funds back. Instead, they do not receive the full payment. The administrative costs associated with paying benefits over lengthier time periods will likely be higher than for programs that pay the benefit as a one-time lump sum.

**6. What is the return on investment (ROI) to the state, whether through direct tax payments or other indirect financial benefits? Could the programs be better designed to increase ROI?**

The PFM team estimates that the 2018 Program creates an estimated \$419,001 in annual state tax revenue. With a total program cost of \$500,000, the 2018 Program effectively costs the state \$80,999, returning 84 percent of the of the direct cost in new tax generation at the state level in year one. Cumulative revenues exceed program costs by year two. The 2019 Program creates an estimated \$527,089 in state tax revenue. With a total program cost of \$670,000, the 2019 Program effectively costs the state \$143,000, returning 79 percent of its direct cost in new tax generation at the state level in year one. Cumulative revenues exceed program grant costs by year two.

The state likely receives other, indirect financial benefits as a result of the Programs. For example, while the intent of the Programs is not to be a Vermont marketing campaign, the extensive publicity the state has received increases its visibility and exposure to potential new residents and businesses.

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<sup>4</sup> For example, to be eligible for the 2018 Program, workers were required to become full-time residents of Vermont on or after January 1, 2019.



**7. Does credible evidence exist regarding the tangible and intangible benefits other jurisdictions have experienced in connection with recently established worker incentive programs?**

Few formal studies of worker incentive programs have been completed, and evidence of the benefits is often anecdotal. However, a recently released evaluation of the Tulsa Remote Program provides preliminary evidence that such programs can be effective.<sup>5</sup>

The study estimates that the program has been responsible for bringing \$62 million of local earnings into Tulsa and spurring the creation of nearly 600 jobs in 2021 alone. As of mid-2021, Tulsa Remote participants earned a median income of \$85,000, compared to Tulsa's regional median of around \$58,000. Nearly 90 percent held a bachelor's degree, while only 32 percent of Tulsans do. Further, the Tulsa Remote program appears to be effective in encouraging participants to remain in Tulsa long-term, as 88 percent of participants stayed at least one year, and 39 percent lived in homes that they or a household member owned.

**Recommendations**

Based on the preceding findings, the PFM team has developed several recommendations for improving the effectiveness of Vermont's programs in meeting the state's demographic challenges and workforce shortages. These recommendations include:

- **Clarify the goal(s) of the Program(s).**  
Much contention exists regarding the intent and anticipated impact of the state's worker incentive programs. For example, the stated goal of the Programs has been to assist the state in addressing demographic challenges and workforce shortages by attracting new workers. However, the scale of the programs (approximately \$2 million across the three Programs) is too small to make a meaningful impact. The state should clarify the goals of the Programs and the factors to judge their success and/or effectiveness.
- **Address the high cost of living and lack of access to affordable housing, reliable childcare, and dependable broadband.**  
The best economic development incentives include investments that benefit current and new residents. Incentives will be more effective as one element of a more holistic initiative to make Vermont's economy and recovery work for the people and businesses already there as well as well as new workers.<sup>6</sup>

As one example of how this approach could work, a recent article on the Think Vermont website provides "A Vermonter's Approach to Sustainable, Affordable Housing."<sup>7</sup> The article details how a community-minded builder with a long record of energy efficient construction partnered with the Vermont Modular Housing Innovation Project to take on a ten-home pilot project to replace homes lost to Hurricane Irene. The builder worked with state partners, including Efficiency Vermont, the High Meadows Fund and the Vermont Housing and Conservation Board to design an affordable, modular, net-zero home.

- **Offer incentives with a broader package of benefits and/or services.**  
It is common for states and localities to combine additional benefits with cash relocation incentives or rebates, such as memberships to local arts and cultural organizations, to help with retention and community building. This strategy appears to be a relatively easy "lift" and often promotes activities that are representative of the jurisdiction (for example, providing a bike to new residents of northwest Arkansas, a well-known outdoor-friendly region). In addition, the PFM team heard anecdotal evidence from interviewees that suggests a possible lack of knowledge within the

<sup>5</sup> Economic Innovation Group, "How Tulsa Remote is Harnessing the Remote Work Revolution to Spur Local Economic Growth," (November 2021). Accessed electronically at <https://eig.org/wp-content/uploads/2021/11/Tulsa-Remote-Report.pdf>

<sup>6</sup> Bloomberg CityLab, "The Right Way to Rebuild Cities for Post-Pandemic Work," (April 9, 2021). Accessed electronically at <https://www.bloomberg.com/news/articles/2021-04-09/the-right-way-to-rethink-cities-for-post-covid-work?sref=ndQeXqOs>

<sup>7</sup> Think Vermont, "A Vermonter's Approach to Sustainable, Affordable Housing," (November 9, 2021). Accessed electronically at <https://thinkvermont.com/2021/11/09/a-vermonters-approach-to-sustainable-affordable-housing/>



business community regarding the full portfolio of Vermont's economic development programs. Vermont should take advantage of opportunities to better integrate its portfolio of programs into a comprehensive recruitment tool.

- **Partner with interested entities.**

The state should partner with municipalities to help communities get “relocation ready” and ensure that local needs are being met and/or with local businesses to leverage collective funds in support of shared workforce goals.

- **Structure Program(s) to offer more money and added flexibility.**

The state should aim to move away from the reimbursement/refund structure for relocation incentives. Instead, it could consider a structure whereby the state issues payments after new residents relocate, which increases financial predictability.

- **Refine future incentive programs to better encourage relocation to economically distressed areas.**

The state should consider restructuring incentive programs to specifically address the factors identified by incentive recipients to encourage moves to economically disadvantaged areas. These include increasing the size of the financial incentives, providing housing assistance, providing childcare assistance, establishing and facilitating community visits, aggregating information regarding community-building support programs (such as visits, introductions, connections, and events/activities), and aggregating information regarding business/work support programs.



# Project Background

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Act No. 51 directs DFR to contract with an independent consultant to quantitatively and objectively study and report on the effectiveness of the state's 2018, 2019, and 2021 Programs (collectively the Programs) in meeting its demographic challenges and workforce shortages. DFR issued a request for proposals (RFP) in connection with this work, and PFM Group Consulting LLC (PFM or the PFM project team) was selected as the independent evaluator via the RFP process. The following summarizes the PFM team's approach to addressing each of the evaluation factors identified in the study's scope of work and the core project activities employed throughout the course of the engagement.

- **Data request and analysis.**  
The PFM team developed and transmitted to ACCD a detailed information request and subsequently reviewed, analyzed and incorporated the information received in response. A copy of this information request is provided in Appendix D. The PFM team's approach to data analysis also entailed research of historical and current demographic and workforce trends in Vermont and peer states. Iowa, Maine, New Hampshire and Wyoming were selected as peer states as part of the project planning process.
- **Subject matter expert interviews.**  
PFM conducted interviews with an extensive list of stakeholders with knowledge of and experience with the Programs. These interviewees represented a wide range of perspectives, from elected officials to those within ACCD responsible for the day-to-day administration of the Programs, to industry representatives and employers. Discussion guides were vetted by the state project team and shared with interviewees in advance of their respective interviews.
- **Survey of prior grant recipients.**  
Act No. 51 requires that the study include a survey of 2018 and 2019 Program grant recipients. Building upon the demographic survey administered by ACCD as a requirement of participation in the programs, the PFM team developed an electronic survey, and via email, ACCD invited all recipients of the two Programs to participate. A copy of the PFM team's grant recipient survey is provided in Appendix E.
- **Economic and fiscal impact analysis.**  
To analyze the economic and financial benefits of the 2018 and 2019 Programs, the PFM project team conducted an economic impact analysis of the programs using and IMPLAN model. An explanation of the IMPLAN methodology is provided in in Appendix G. Further, the PFM project team used survey findings related to the level of incentive influence to adjust downward the economic and fiscal impact calculations.
- **Benchmarking analysis.**  
The PFM team researched similar programs offered by other states and localities and compared the key goals and parameters of Vermont's incentives to these other programs to identify where Vermont aligns – and where it is an outlier.<sup>8</sup>

*The PFM team wishes to thank the State of Vermont and its project team for the support and assistance provided throughout the course of this study.*

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<sup>8</sup> Given the frequency with which such programs are being deployed in jurisdictions across the U.S. at present, the PFM team's analysis is not intended to be exhaustive.



# Incentive Design & Administration

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Since 2018, the State of Vermont has offered a series of financial incentives to attract new residents to the state and grow its workforce, as well as provide support to Vermont employers. These programs, described in greater detail in this chapter, include:

- **2018 New Remote Worker Grant Program (2018 Program).<sup>9</sup>**  
Enacted in 2018, Vermont's inaugural worker incentive program focused specifically on remote workers. With total funding of \$500,000, grants of up to \$10,000 (a maximum of \$5,000 per year) were provided on a first-come, first-served basis to those becoming full-time residents of Vermont on or after January 1, 2019. To be eligible, an applicant was required to be a full-time employee of a business with its domicile or primary place of business within or outside Vermont who would perform a majority of employment duties remotely from a home office or a co-working space located in Vermont. This program's funds were exhausted by January 30, 2020.<sup>10</sup>
- **2019 New Worker Relocation Incentive Program (2019 Program).<sup>11</sup>**  
In 2019, the state's second worker incentive program was enacted with an overall funding level of \$670,000. Instead of focusing on remote workers, this program targeted relocating workers becoming full-time Vermont residents on or after January 1, 2020. On a first-come, first-served basis, this program provided base grants not exceeding \$5,000, and enhanced grants not exceeding \$7,500 for workers who relocated to certain economically distressed areas of the state. The ACCD reported that the program was fully subscribed as of October 7, 2020.<sup>12</sup>
- **2021 New Relocating Employee Incentives Program (2021 Program).<sup>13</sup>**  
This newest incentive, enacted in 2021, combines elements of the first two programs, targeting new residents taking qualifying jobs with Vermont employers as well as new residents who will remotely for out-of-state employers. Relocating workers must become full-time residents on or after July 1, 2021, while remote workers must become full-time residents on or after February 1, 2022. Under this program, \$480,000 is available for relocating workers and \$130,000 is available for remote workers. As with the New Worker Relocation Incentive Program, base grants cannot exceed \$5,000, and enhanced grants for those locating in certain economically distressed areas of the state cannot exceed \$7,500.

The following summarizes the key parameters associated with each of the three worker incentives and details how their requirements and eligibility criteria have shifted since the first program was launched in 2018.

## Grant Amounts and Aggregate Funding Levels

Grants awarded under the programs are issued on a reimbursement basis, and award amounts are based on actual qualifying expenses. As such, individual award amounts vary from person to person. As reported in ACCD's annual program reports:

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<sup>9</sup> 2018 Acts and Resolves No. 197, Sec. 1; amended by 2019 Acts and Resolves No. 180, Sec. 15; repealed by 2021 Acts and Resolves No. 51, Sec. 3. A copy of the enabling statute is provided in Appendix A.

<sup>10</sup> Act 90 (signed into law on March 18, 2020) gave ACCD the discretion to utilize funding allocated to the 2019 Program to fund additional 2018 Program grant applications received after funding had been exhausted. However, by the time ACCD received this discretion, the Governor had already issued an emergency order to ensure that Vermont had all necessary resources to begin responding to the COVID-19 crisis, and ACCD did not move additional dollars to the 2018 Program.

<sup>11</sup> 2019 Acts and Resolves No. 180, Sec. 12; repealed by 2021 Acts and Resolves No. 51, Sec. 3. A copy of the enabling statute is provided in Appendix B.

<sup>12</sup> ACCD, "New Worker Relocation Grant Program." Accessed electronically at <https://accd.vermont.gov/economic-development/NewWorkerRelocationGrantProgram>

<sup>13</sup> 10 V.S.A § 4. A copy of the enabling statute is provided in Appendix C.



- The 2018 Program awarded a total of \$499,940 in 140 grants with the \$500,000 in funds available. Grants issued ranged from \$401 to \$5,000; the average grant amount was \$3,571 and the median was approximately \$500 higher at \$4,079.
- The 2019 Program awarded a total of 167 grants with the \$670,000 in funds available. Grants ranged from \$537 to \$7,500; the average grant was \$4,458.<sup>14</sup>

The fact that grants are awarded on a first-come, first-served basis effectively means that the funds are not guaranteed, even for fully qualified individuals. This may create hesitation among potential applicants, and also may lessen the value of the programs to employers as an effective employee recruitment tool.

Importantly, the Programs are just a few tools among many in the state's portfolio of economic development programs (including grants, tax credits and other financial incentives) that are intended to spur business recruitment, growth and expansion and encourage workforce development.<sup>15</sup> Further, the Programs are among many the state has developed specifically to encourage individuals to relocate to Vermont. For example, while postponed indefinitely due to the COVID-19 pandemic, the Department of Tourism and Marketing's "Stay to Stay" weekends are exploratory vacations to learn about moving to Vermont.<sup>16</sup> Participants connect with employers, realtors, community leaders, entrepreneurs and potential neighbors all while enjoying a weekend away in the Green Mountains.

The approximately \$2 million in funds provided under the three Programs in the aggregate is relatively small when compared to some of Vermont's more traditional economic development incentives. As examples, between 2007 and 2019, the Vermont Employment Growth Incentive (VEGI) Program paid out a total of \$30.6 million in incentives;<sup>17</sup> \$12.7 million in Downtown and Village Center tax credits were awarded between 2016 and 2020;<sup>18</sup> and \$10.6 million has been appropriated to the Department of Economic Development to design and implement a Capital Investment Grant Program.<sup>19</sup>

### **Eligible Occupations**

The 2018 Program did not target specific occupations. Instead, it required only that grantees perform the majority of their employment duties remotely from a home office on a co-working space located in Vermont. The 2019 Program required that grantees be employed in an occupation identified by the Vermont Department of Labor in its 2016-2026 Long Term Occupational Projections as one of the top occupations at each level of educational attainment typical for entry.<sup>20</sup> The following displays the top 25 occupations (based on rate of growth) by level of education typically required for entry. Notably, many of the fastest growing occupations are within the health care sector.

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<sup>14</sup> Statistics are for the time period between January 1, 2020 and September 29, 2020.

<sup>15</sup> A sampling of Vermont's economic development programs is provided in Appendix F.

<sup>16</sup> Think Vermont, "Move to Vermont." Accessed electronically at <https://thinkvermont.com/relocate/>

<sup>17</sup> ACCD, "Vermont Employment Growth Incentive Program Annual Report, 2021," (Published August 2021). Accessed electronically at [https://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/2021.VEGI\\_AnnualReport-FINAL.pdf](https://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/2021.VEGI_AnnualReport-FINAL.pdf)

<sup>18</sup> Think Vermont, "Incentives, Financing and Special Programs." Accessed electronically at <https://thinkvermont.com/programs/>

<sup>19</sup> ACCD, "Funding and Incentives." Accessed electronically at <https://accd.vermont.gov/economic-development/funding-incentives>

<sup>20</sup> Vermont Department of Labor, "Economic and Labor Market Information: 2016-2026 Long Term Occupational Projections," (August 2018). Accessed electronically at <https://legislature.vermont.gov/Documents/2020/WorkGroups/Senate%20Health%20and%20Welfare/Workforce/W~Mat%20Barewicz~Long%20Term%20Occupational%20Projections~3-27-2019.pdf>



**Figure 1: Top 25 Occupations with the Highest Growth Rates by Level of Education Typically Required for Entry**

Less Than High School	High School	Associate's Degree	Bachelor's Degree	Doctoral, Professional or Master's Degree
<ul style="list-style-type: none"> <li>• Farmworkers and Laborers, Crop, Nursery and Greenhouse</li> <li>• Farmworkers, Farm, Ranch and Aquacultural Animals</li> </ul>	<ul style="list-style-type: none"> <li>• Solar Photovoltaic Installers</li> <li>• Home Health Aides</li> <li>• Separating, Filtering, Clarifying, Precipitating and Still Machine Setters, Operators and Tenders</li> <li>• Personal Care Aides</li> <li>• Court, Municipal and License Clerks</li> <li>• Dental Laboratory Technicians</li> <li>• Helpers - Production Workers</li> <li>• Physical Therapist Aides</li> <li>• Food Cooking Mach Ops and Tenders</li> <li>• Lodging Managers</li> </ul>	<ul style="list-style-type: none"> <li>• Diagnostic Medical Sonographers</li> <li>• Physical Therapy Assistants</li> <li>• Respiratory Therapists</li> <li>• Medical Assistants</li> </ul>	<ul style="list-style-type: none"> <li>• Software Developers, Applications</li> <li>• Operations Research Analysts</li> <li>• Market Research Analysts and Marketing Specialists</li> </ul>	<ul style="list-style-type: none"> <li>• Physician Assistants</li> <li>• Statisticians</li> <li>• Nurse Practitioners</li> <li>• Physical Therapists</li> <li>• Healthcare Social Workers</li> <li>• Occupational Therapists</li> </ul>

Source: Vermont Department of Labor, Economic and Labor Market Information – 2016-2026 Long Term Occupational Projections

Under the 2021 Program, eligibility is further restricted, as grantees must be employed in one of Vermont's 50 Occupations with the Most Openings as identified by the Vermont Department of Labor in its 2020-2022 Short-Term Employment Projections. The top 25 occupations on this list include the following (see Appendix G for the complete list).<sup>21</sup>

1. Cashiers
2. Fast Food and Counter Workers
3. Home Health and Personal Care Aides
4. Retail Salespersons
5. Waiters and Waitresses
6. Janitors and Cleaners (except maids and housekeeping cleaners)
7. Bookkeeping, Accounting and Auditing Clerks
8. Customer Service Representatives
9. Secretaries and Administrative Assistants (except legal, medical and executive)
10. Farmers, Ranchers and Other Agricultural Managers
11. Teaching Assistants (except postsecondary)
12. Landscaping and Groundskeeping Workers
13. Maids and Housekeeping Cleaners
14. Stockers and Order Fillers
15. Carpenters
16. Cooks, Restaurant
17. Social and Human Services Assistants
18. Laborers and Freight, Stock and Material Movers, Hand
19. Childcare Workers
20. Registered Nurses
21. General and Operations Managers
22. Bartenders
23. Heavy and Tractor-Trailer Truck Drivers
24. Nursing Assistants
25. First-Line Supervisors of Retail Sales Workers

Notably, the Programs' occupational eligibility criteria appear to be unnecessarily limiting. For example, while the occupational list for the 2021 Program includes several essential positions within the retail sector (such as cashiers and fast food and counter workers), it omits certain health care occupations considered

<sup>21</sup> Vermont Department of Labor, "Short Term Employment Projections 2020-2022." Accessed electronically at <https://accd.vermont.gov/sites/accdnew/files/documents/DED/newworker2021/ShortTermOccupations.pdf>



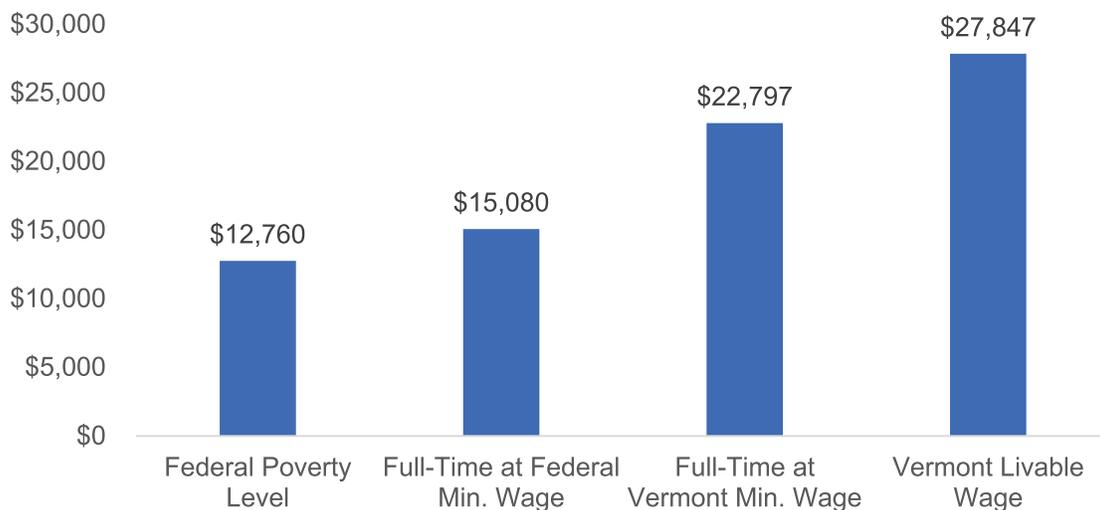
critical to public health and safety. Some employers who participated in study interviews indicated surprise and/or disappointment in learning their employees would not qualify for one or both Programs. It is possible that the employment eligibility requirements could be perceived as complicated or complex, deterring some potential workers and businesses from participating.

Further, many of the occupations on these lists are relatively low wage in nature, which may be problematic on multiple fronts. From a practical perspective, it is likely more difficult for those in low wage occupations to have the resources to move to a new state, with or without a one-time relocation incentive. From an ROI perspective, the state is better off incenting high earners to relocate to Vermont (the PFM team's estimates regarding state ROI from the Programs is discussed in the following chapter).

### Wage Requirements

To be eligible for an incentive under the 2018 Program, a worker had to earn gross wages of at least 160 percent of the Vermont minimum wage.<sup>22</sup> Under the 2019 Program, eligible grantees must have earned gross wages at least equal to the Vermont livable wage.<sup>23</sup> The following figure compares Vermont's minimum and livable wage rates to the federal poverty and minimum wage rates as of 2020.

**Figure 2: Summary of Select Federal and Vermont Wage Rates, 2020**



Source: Vermont Basic Needs Budget and Livable Wage

The 2019 and 2021 Programs offer enhanced grants of up to \$7,500 to encourage relocation to targeted areas of the state (as compared to base grants of \$5,000). To qualify for enhanced grants, employees must reside in a labor market area in Vermont where either (a) the average annual unemployment rate exceeds the state's average annual unemployment rate or (b) the average wage is lower than the state average.

As shown in the following table, applicants within all of Vermont's labor market areas other than Barre-Montpelier and Burlington-South Burlington would qualify for enhanced grants based on 2020 unemployment rates and/or annual wages (those meeting the required level for one or both parameters are highlighted in blue).

<sup>22</sup> Or 140 percent of the Vermont minimum wage if the employer is in a labor market where the average annual unemployment rate is higher than the state average.

<sup>23</sup> Calculated pursuant to 2 V.S.A. § 526.



**Table 1: Unemployment Rates and Average Annual Wages by Labor Market Area, 2020**

Labor Market Area	Unemployment Rate	Annual Average Wage
<b>State of Vermont</b>	<b>5.6%</b>	<b>\$54,074</b>
Barre-Montpelier	5.0%	\$57,845
Bennington	6.4%	\$47,227
Brattleboro	6.1%	\$48,970
Burlington-South Burlington	4.9%	\$60,256
Derby	8.0%	\$42,704
Highgate	5.6%	\$47,061
Manchester	7.2%	\$48,313
Middlebury	5.5%	\$49,585
Morristown-Waterbury	7.5%	\$50,944
Newbury	5.1%	\$41,712
Northfield-Waitsfield	4.1%	\$48,274
Randolph	5.6%	\$50,212
Rutland	6.6%	\$52,571
Springfield	5.9%	\$47,854
St. Johnsbury	5.9%	\$47,112
White River Junction	4.3%	N/A
Woodstock	8.8%	\$41,811
All Other LMA	N/A	\$41,228
Isolated LMA	N/A	\$42,440

Sources: Vermont Department of Labor Economic and Labor Market Information, "Annual Summary of Local Area Unemployment Statistics" (2020, Not Seasonally Adjusted); "Covered Employment and Wages" (2020, Total covered – all ownerships).

Notably, the Barre-Montpelier and Burlington-South Burlington labor market areas are the state's largest, in terms of population, and likely have as many workers as other labor market areas combined, the largest supply of housing stock and other resources not available in other areas of the state.

As with the occupational eligibility criteria, it is possible that the enhanced grant parameters could be perceived as complicated or complex, potentially deterring some workers from participating in the programs.

### **Qualifying Expenses**

Due to the shifting focus of the Programs, the list of eligible expenses has also changed from year to year. For example, the 2018 Program covered relocation and employment expenses, and the 2019 Program's list is similar. The list for the 2021 Program, however, does not include covered employment expenses, such as connectivity costs or equipment.



**Figure 3: Summary of Eligible Expenses by Program**

2018 Program	2019 Program	2021 Program
<ul style="list-style-type: none"> <li>• Covered relocation expenses: "Relocation to Vermont"</li> <li>• Covered employment expenses: Computer software and hardware, broadband access or upgrade</li> <li>• Other covered expenses: Membership in a co-working or similar space</li> </ul>	<ul style="list-style-type: none"> <li>• Covered relocation expenses: Closing costs for a primary residence, rental security deposit and first month's rent payment</li> <li>• Covered employment expenses: Connectivity costs and specialized tools and equipment</li> <li>• Other covered expenses: N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Covered relocation expenses: Moving costs, closing costs for a primary residence, rental security deposit, one month's rent payment</li> <li>• Covered employment expenses: N/A</li> <li>• Other covered expenses: N/A</li> </ul>

As noted previously with regard to certain program eligibility requirements, changes from year to year in which expenses qualify for reimbursement may be perceived by some individuals and businesses as complicated, potentially deterring them from participating.

### Program Administration

Program administration is the responsibility of ACCD and consists of the following:

- **Application Submission and Receipt.**

When the 2018 Program was launched, the application submission and review processes were generally very manual and prone to human error. ACCD did not have an electronic grants management system, and applications (along with supporting documentation) were submitted via email. Applications often had errors and missing information because there was no system in place to flag such issues or prevent the submission of incomplete forms.

ACCD has made investments and process improvements that have positively impacted the effective administration of the 2019 and 2021 Programs. Among the most significant changes was the development and implementation of an online, end-to-end grant application portal in collaboration with Vermont Information Consortium, LLC. This has undoubtedly reduced the prevalence of human error while also creating efficiencies in the process for both ACCD staff and applicants.

- **Application Review and Eligibility Determination.**

Applications are reviewed for Program eligibility and evidence of eligible grant expenditures. ACCD staff utilize a checklist to review each application for the following criteria:

- Program eligibility
- Proof of Vermont residency
- Expense eligibility
- Employer verification
- Supporting documentation

Under the 2021 Program, employers (as opposed to remote workers) must attest that, after reasonable time and effort, they were unable to fill the positions from among Vermont applicants. While this parameter was put into place by ACCD to help ensure responsible use of the funds, the



PFM team heard anecdotal evidence from some interviewees that this may create hesitation and uncertainty regarding the potential level of effort and/or risk that this might require on the part of employers.

- **Applicant Outreach and Payment.**

Upon review of an application, ACCD sends applicants an email notifying them if further information is needed for approval, including a list of specific items needed to support the application.

When an application is determined to be complete and the applicant is deemed eligible, a second ACCD staff member reviews the application and supporting documentation. ACCD requires that each applicant submit an IRS Form W-9 (Request for Taxpayer Identification Number and Certification) and complete a short demographic survey.<sup>24</sup> Once the survey and IRS Form W-9 are received, ACCD notifies applicants whether or not they have been awarded a grant and the exact amount of the grant.

Prior to disbursing awards, ACCD completes a risk assessment and generates and sends a grantee agreement outlining the program and the expense types granted. The grantee signs the grant agreement and returns it for execution by the ACCD Secretary, and at that point grant funds are disbursed.

When available funds have been exhausted, ACCD notifies applicants that the program has closed and that additional grants will be disbursed if more funds are made available.

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<sup>24</sup> For the 2019 Program, the applicant is directed to also fill out Vermont Department of Taxes Form 8821-VT, Authorization to Release Tax Information.



# Incentive Impacts & Outcomes

This chapter details the various impacts and outcomes associated with the Programs, beginning with a discussion of the results of the PFM team’s survey of 2018 and 2019 Program grantees. This chapter also discusses PFM’s estimates of, and analysis related to, the financial, economic and other impacts derived as a result of the Programs.

## Grant Recipient Survey Results

As discussed in the prior chapter, ACCD requires that applicants complete a short demographic survey before grants are issued. The PFM team used this survey as a base, expanding it to collect additional insight regarding grantees’ motivations for relocating and their experiences since moving to Vermont. The PFM team administered its survey electronically and ACCD sent a series of emails to 2018 and 2019 Program grantees inviting them to participate.

In total, 87 grantees responded to the survey: 34 (39 percent) were 2018 Program grant recipients, and 53 (61 percent) were 2019 Program grant recipients. A summary of responses by Program is provided in the following table (select findings are discussed in greater detail throughout this chapter).

**Table 2: Summary of PFM Team Survey Grant Recipient Responses by Program**

	2018 Program		2019 Program	
	#	%	#	%
<b>Do Recipients Still Live in Vermont?</b>				
Yes	33	97%	51	96%
No	1	3%	2	4%
<b>Do Recipients Rent or Own Their Residences?</b>				
Rent	9	26%	22	42%
Own	25	74%	31	58%
<b>How Many People Live in Recipient Households?</b>				
Average	2.9	9%	2.6	5%
Median	3	9%	2	4%
Min	1	3%	1	2%
Max	6	18%	7	13%
<b>Does Someone Under the Age of 18 Live in Recipient Households?</b>				
Yes	17	50%	21	40%
No	17	50%	32	60%
<b>What is the Salary Range of Grant Recipients?</b>				
\$10,000 to \$49,999	3	9%	13	25%
\$50,000 to \$99,999	14	41%	24	45%
\$100,000 or more	15	44%	16	30%
Not applicable	2	6%	0	0%
<b>What Are Recipients’ Previous Experiences in Vermont?</b>				
Attended a secondary or post-secondary school?	8	24%	8	15%
Worked in Vermont for a Vermont-based employer?	8	24%	9	17%
Worked in Vermont for an employer not based in Vermont?	1	3%	1	2%
Vacationed?	28	82%	35	66%



	2018 Program		2019 Program	
	#	%	#	%
Visited family?	17	50%	21	40%
Been a resident (previously)	8	24%	16	30%
<b>Which Factors Previously Prevented Recipients from Moving to Vermont?</b>				
Cost of living in Vermont (tax burden/cost burden)	9	26%	15	28%
Lack of affordable housing	5	15%	12	23%
Cost of moving to Vermont	7	21%	11	21%
Lack of work opportunities	22	65%	23	43%
Concern over broadband or cellular service cost, quality and/or access	8	24%	8	15%
Lack of access to community/cultural amenities	1	3%	7	13%
Limited access to quality education	0	0%	2	4%
No previous connection to Vermont/did not know anyone/lack of existing network	8	24%	10	19%
No factors previously prevented me from moving to Vermont	5	15%	18	34%
Other (please specify)	0	0%	0	0%
<b>Did Recipients Consider Other Locations Besides Vermont?</b>				
Yes	22	65%	27	51%
No	12	35%	26	49%
<b>What Other Factors Are Important or Very Important to Recipients' Decisions to Relocate?</b>				
I pursued a job opportunity	7	21%	37	70%
I relocated with someone who was pursuing a job or other opportunity	9	26%	9	17%
I had an existing connection to Vermont	18	53%	27	51%
Vermont offers great educational opportunities	10	29%	17	32%
Vermont is a safe place to live and raise a family	27	79%	41	77%
Vermont provides access to outdoor recreation and nature	32	94%	44	83%
Vermont provides access to community/cultural amenities	18	53%	31	58%
Vermont awarded me a grant incentive to relocate	20	59%	25	47%
I received other financial incentives to relocate (local government incentive, employer incentive, etc.)	3	9%	8	15%
<b>Are Recipients Satisfied with Their New Communities?</b>				
Yes	27	79%	39	74%
No	1	3%	8	15%
Somewhat*	4	12%	6	11%
N/A	2	6%	0	0%

\* Responses that indicate grantees are generally satisfied with their new communities but also identify exceptions or challenges have been categorized as "somewhat" satisfied.



### **Incentive Influence on Relocation Decisions**

In the study's Scope of Work, the Department requested that PFM address "whether Vermont grant recipients' decisions to move to Vermont were materially influenced<sup>25</sup> or caused by the incentive program." None of the three Programs include a formal requirement for applicants to demonstrate that they would not have moved to Vermont without the incentive or to indicate the importance of the incentive to their relocation decision.

It is not possible to definitively determine how influential the Programs were on individual relocation decisions. Just as with business relocation decisions, it is known with certainty that many factors affect the decision of where individuals and families will live. The benchmarking research conducted for this study (discussed in a later chapter), the PFM team's past work on the "but for" issue for business incentives,<sup>26</sup> findings from the application materials for the Programs, and the survey results obtained as part of this evaluation all confirm this point. The interplay of any given incentive with each of these other factors will differ for each household, also making it difficult to articulate with certainty the exact level of importance of the incentive. Nevertheless, it is possible to draw some inferences about the relative influence of the incentive on decisions and the impact on desired policy outcomes across the Programs.

The PFM team's approach to addressing the question of whether grant recipients' decisions to move to Vermont were materially influenced or caused by the Programs begins with the following assumptions:

- Since an incentive program is one factor among many that influences the decision to relocate to Vermont, a strict "but for" standard in which the incentive is considered to be 100 percent responsible for the decision and outcome is not appropriate.
- People are not all the same and will rank the factors in their personal lives and the attributes that Vermont offers in a variety of ways as they make their relocation decisions. In other words, the Programs will have different relative values for different applicants. The goal is not to determine the level of influence for each applicant, but instead to understand how effective the Programs have been in the aggregate.
- The incentive value (in all cases under \$10,000, often much less) is such that it likely has the potential to affect – but not drive – relocation decisions.
- The funding allocated across the three Programs totals less than \$2 million. The actual and maximum potential number of recipients are both under 500. The Programs' size, combined with their short duration, suggest that they have limited ability to "move the needle" on some of the major policy objectives that have been described throughout the course of this study. This does not automatically mean that the incentives are not useful, but by themselves they would be unable to generate major economic or demographic change in the state. Nonetheless, the Programs have measurable economic impacts. These impacts are instructive and can help the PFM team and others to understand relative effects even of small programs. Such analysis can help guide policy choices and potential structures of future incentive programs.
- Some of the desired outcomes, including tax generation for the state and net gains to the statewide economy, depend on the timeframe for analysis and other assumptions about grantee work and household activities.

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<sup>25</sup> "Materially influenced" is not defined in the scope of work, but the PFM team's understanding is that the term indicates ability to influence and power to participate in, but not control, decisions. It is different than "decisive influence." Similarly, materiality as a GAAP principle refers to information that would affect the judgment of an informed investor.

<sup>26</sup> Traditional economic development incentives' benefits versus costs depend greatly on what percentage of incented firms would not have made a particular location/expansion/retention decision "but for" the incentive.



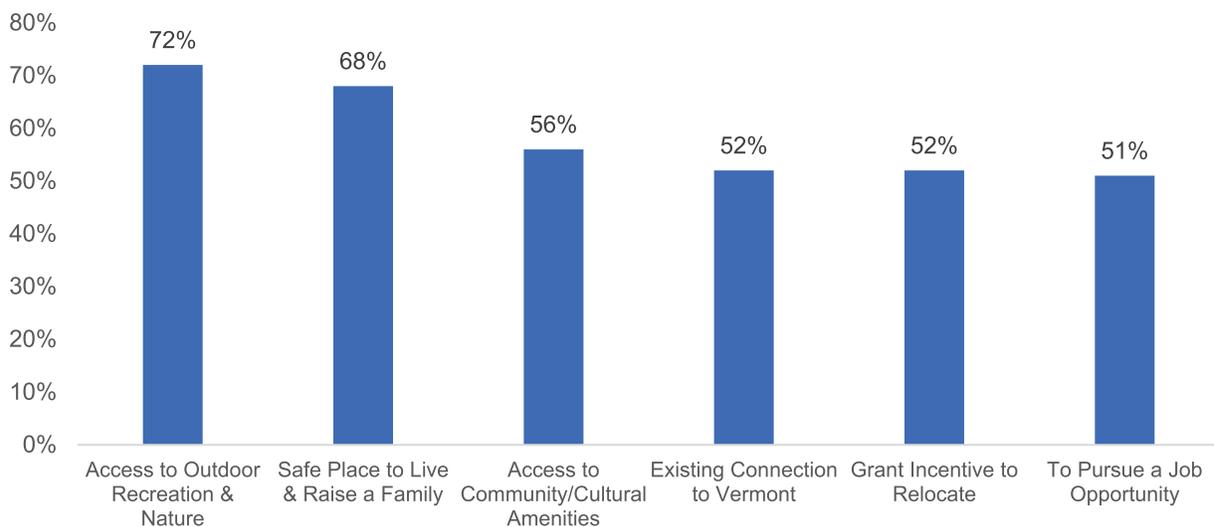
Building upon these assumptions, the PFM team used two methods to understand the relative level of influence of the Programs. First, as discussed, it conducted a series of stakeholder interviews and prepared a survey of recipients to assess the relative importance of the incentives, again recognizing that the programs will not be 100 percent responsible for decisions and outcomes – but unlikely to be 0 percent, either. Second, the PFM team used its findings on the level of incentive influence to adjust its economic and fiscal impact calculations. Instead of assuming that all outcomes can be connected to the incentives, the outcomes were adjusted to reflect the fact that the incentives are not fully responsible for relocation decisions and therefore not fully responsible for associated outcomes.

### Stakeholder Interviews and Recipient Survey Findings

The stakeholder interviews revealed several factors beyond incentives that influence individual relocation decisions. These include housing costs, availability of work (for self and others in the household), childcare costs and availability, connection to the community, quality of life (especially regarding outdoor recreation) and past experience in Vermont, among others.

The PFM team incorporated these factors into a survey of incentive recipients and asked respondents to rank the relative importance of these factors as well as the incentive in their decisions to relocate to Vermont. The survey generated valuable insights into the overall importance of the incentive and other factors with which the incentive interacted, which should prove useful to policymakers as they continue to address Vermont’s demographic and economic needs. The most significant factors are illustrated in the following figure.

**Figure 4: Most Significant Factors Influencing Relocation Decisions**



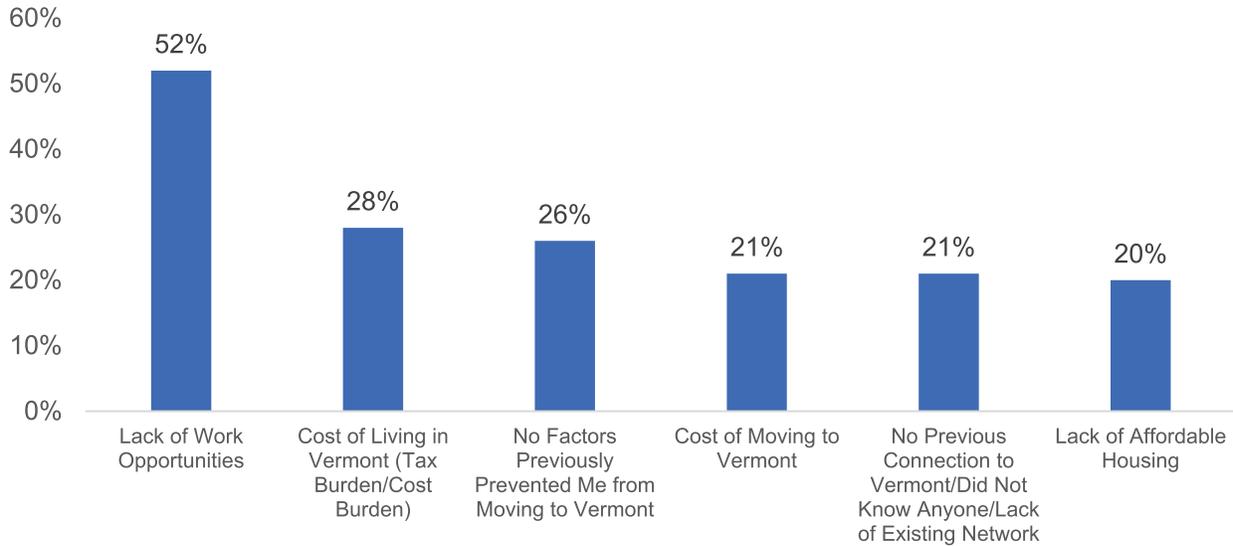
Source: PFM Grantee Survey Results

These findings confirm the importance of continuing to invest in Vermont to sustain the attributes that make it an attractive place to live. They also support the value of programs like “Stay to Stay” for workforce and population attraction. Additionally, established relationships appear to play a positive role in the success of the incentive programs. Consistent with ACCD’s earlier analyses and the experiences of multiple benchmark jurisdictions with similar programs, many respondents had previous experience in and/or a connection to Vermont prior to relocating. For example, nearly three in four survey respondents had previously vacationed in Vermont, 39 percent had visited family in the state, 28 percent were former residents and 22 percent had worked in Vermont previously.



At the same time, nearly half of all survey respondents indicated the grant was somewhat or very important in influencing their decision to move to Vermont. While the dollar amounts of the grants are not large, they may be sufficient to pay for immediate and direct moving expenses. This removes the financial burden of moving itself and may allow for relocation decisions to be more focused on quality of life and employment opportunity. The top factors previously preventing a move to Vermont are summarized in the following figure.

**Figure 5: Most Significant Factors Previously Preventing Relocation to Vermont**



Source: PFM Grantee Survey Results

Since survey recipients cited various costs among the top factors that previously prevented a move to Vermont, a grant program to reduce costs of living is a reasonable policy response. The fact that a perceived lack of work opportunities was the top factor preventing a move (identified by more than half of all survey respondents) may be relevant to future economic development policy and program decisions.

Finally, given the variety and importance of factors that influence relocation decisions, it is not surprising that workers often consider multiple locations when making such choices, inherently resulting in competition among jurisdictions. The PFM team's survey found that nearly two in three respondents considered locations other than Vermont or multiple locations within Vermont. These alternative locations are illustrated on the following map.



**Figure 6: Map of Other Locations Considered by Survey Respondents**



*Source: PFM Grantee Survey Results*

Perhaps not surprisingly, among the “competing” locations identified by survey respondents, most are relatively close in proximity to Vermont (e.g., Maine, New Hampshire) and several are often associated with access to outdoor amenities (e.g., Oregon, Colorado).

This is important because, while survey results indicate Vermont has successfully branded itself as a safe place to live where residents have access to ample outdoor activities, it is not the only state to do so. From a policy perspective, the state can use this information to refine its programs to effectively target these potential new residents and focus its program advertising efforts to market to this group.

### **Fiscal and Economic Impacts**

To analyze the ROI of the 2018 and 2019 Programs to the state, whether through direct tax payments or other indirect financial benefits, the PFM team conducted an economic impact analysis. The aforementioned findings on the level of incentive influence were used to adjust the economic and fiscal impact calculations (i.e., instead of assuming that all outcomes can or should be connected to the incentives, outcomes are adjusted to reflect the fact that the incentives are not fully responsible for relocation decisions and therefore not fully responsible for associated outcomes).

The following outlines key information and assumptions used in the PFM team’s analysis.

- The 2018 Program provided grants to 140 qualified recipients. Total grant monies distributed in this program reached \$500,000, equal to the program budget. The 2019 Program provided grants to 167 qualified recipients. Total grant monies distributed under this program reached \$670,000 (again, equal to the program budget).



- In conducting the economic impact analysis, the incentives are viewed only as creating new household income and impacts from the spending of this income. Because the grants are targeted toward and paid directly to households, they are not considered to be responsible for the jobs new workers will hold. The economic impacts of those jobs are associated with the employers and the industries in which grant recipients work.
- Survey data collected from grant recipients was used to estimate aggregate household income. In the case of the 2018 Program, aggregate household income among households benefitting from the grants was \$16.5 million (an estimated \$117,941 per household). The aggregate household income associated with the 2019 Program was \$15.5 million (an estimated \$92,752 per household).
- Based on household income spending profiles, an analysis of economic impacts was conducted for each program. Economic impacts flow from the spending of this household income (after removal of taxes, savings and commuter income). Such spending does not include business-to-business spending or the spending by employees of such businesses. In that regard, households make retail purchases or spend for personal and other services only. These impacts are referred to as induced spending impacts.
- Nearly all survey respondents indicated that they live in households with more than one income earner. The maximum direct economic impact that could be attributed to these programs is the creation of a new household and its accompanying new household income within Vermont. In other words, the total income generated by grantee households (as opposed to the income of the grantee alone) represents the maximum amount of income that could possibly be attributed to the programs. This approach assumes that the programs are 100 percent responsible for the newly formed household and accompanying household income is represented by the total amount of aggregate household income associated with the grants.
- Alternatively, the minimum direct economic impact that could be attributed to these programs is the impact of the grant spending alone (i.e., the reimbursements for qualified expenses).

The actual economic impact of the programs, accounting for the fact that the grants have some influence but are not 100 percent responsible for relocation decisions, is somewhere between these two extremes, which are shown in the following table.

**Table 3: Range of Potential Economic Impact Estimates**

Program	Employment	Labor Income	Value Added	Output
<b>2018 Program</b>				
Grant Only	3	\$158,368	\$281,830	\$489,913
Aggregate Household Income	110	\$5,229,876	\$9,307,000	\$16,178,626
<b>2019 Program</b>				
Grant Only	5	\$220,036	\$392,698	\$682,639
Aggregate Household Income	105	\$5,086,958	\$9,078,711	\$15,781,773

At a minimum, the PFM team estimates that the 2018 Program grant spending alone created three jobs, \$0.2 million in wages and \$0.5 million in annual economic impact. The 2019 Program grant spending alone created five jobs, \$0.2 million in wages and \$0.7 million in annual economic impact.



At most, the PFM team estimates that the economic impacts of household spending associated with the 2018 Program created 110 new jobs, \$5.2 million in wages and \$16.2 million in annual economic impact. The maximum economic impacts of household spending associated with the 2019 Program created 105 new jobs, \$5.1 million in wages and \$15.8 million in annual economic impact.

As discussed, participant survey data informs what is reasonably attributable to the Programs, based on respondents' answers to identifiable factors influencing the decision to move. Survey findings indicate that the incentives materially influenced the decision to move to Vermont for approximately half of recipients – a notable finding, given that the average incentive was less than \$5,000. The responses differed by Program, with 60 percent of 2018 Program recipients and 47 percent of 2019 Program recipients indicating that the incentive was somewhat or very important in their relocation decisions.

Based on the implications of these findings, the PFM team estimates that the 2018 Program generates 52 new jobs, \$2.5 million in wages and \$7.6 million in annual economic impact, and the 2019 Program generates 63 new jobs, \$3.1 million in wages and \$9.5 million in annual economic impact, as illustrated in the following table.

**Table 4: Annual Economic Impact Estimates**

Program	Employment	Labor Income	Value Added	Output
2018 Program	52	\$2,458,042	\$4,374,290	\$7,603,954
2019 Program	63	\$3,052,175	\$5,447,226	\$9,469,064

Further, in generating these impacts, the 2018 Program creates an estimated \$419,001 in annual state tax revenue. With a total program cost of \$500,000, the 2018 Program effectively costs the state \$80,999, returning 84 percent of the of the direct cost in new tax generation at the state level in year one. Cumulative revenues exceed program costs by year two. The 2019 Program creates an estimated \$527,089 in state tax revenue. With a total program cost of \$670,000, the 2019 Program effectively costs the state \$143,000, returning 79 percent of its direct cost in new tax generation at the state level in year one. Cumulative revenues exceed program grant costs by year two. The PFM team estimates that during year one alone, the 2018 Program returns \$93.88 in economic activity for every net dollar spent by the State of Vermont, and the 2019 Program returns \$66.26 in economic activity for every net dollar spent.<sup>27</sup>

**Table 5: Fiscal Impact Estimates**

Program	State Tax Revenue	Program Cost	Net Cost	% of Direct Cost Returned in State Tax Revenue	Economic Activity per Net \$1 Spent
2018 Program	\$419,001	\$500,000	\$80,999	84%	\$93.88
2019 Program	\$527,089	\$670,000	\$142,911	79%	\$66.26

Based on this analysis, the PFM team finds that, in the aggregate, these are significantly positive programs with substantial return per tax dollar spent. Economic and fiscal impacts are ongoing as, once created, the jobs are permanent. Further, these programs bring new households to Vermont with household incomes above the average household income in the state.

<sup>27</sup> The figure cited refers to the economic activity (output) compared with net program cost during year one.



Additionally, while some stakeholders questioned the value of media exposure associated with the Programs (not accounted for in the preceding economic impact analysis), most referenced the value of earned media as an overarching benefit of the incentive. According to ACCD's annual reports on the 2018 and 2019 Programs, national and international media coverage of Vermont's worker incentives has resulted in a general interest in the state. Based on ACCD's analysis, the 2018 Program generated media coverage valued at over \$7 million, and the 2019 Program increased Vermont's overall presence and exposure to potential new residents. In fact, ACCD deemed additional paid promotion to be unnecessary.



# Demographic & Workforce Indicators

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Vermont's worker incentives were created to attract new residents to the state, grow its workforce and provide support to Vermont employers. This study quantitatively and objectively evaluates the effectiveness of the Programs in meeting the state's demographic challenges and workforce shortages. The following chapter provides a "backdrop" discussion of the related trends and indicators relevant to this study.

## Population Trends

According to preliminary 2020 U.S. Census results, the aggregate population growth rate in the United States since 2010 has been 7.4 percent – much lower than the 2000-2010 rate (9.7 percent) and the second slowest in U.S. history. Notably, the population growth trends can be categorized by region, with certain regions experiencing significant growth. The population in the South grew 10.2 percent, with the West close behind at 9.2 percent. The Northeast and Midwest grew at much slower rates (4.1 percent and 3.1 percent, respectively).<sup>28</sup>

After many years of essentially no growth,<sup>29</sup> Vermont's population increased to more than 643,000 in 2020 – equal to a 2.8 percent change in resident population between 2010 and 2020. As shown in the following map, five states had at least twice the U.S. percent change over that time frame. The fastest growing state since the 2010 Census was Utah (up 18.4 percent), followed by Idaho (17.3 percent), Texas (15.9 percent), North Dakota (15.8 percent) and Nevada (15.0 percent). Three states – Illinois, Mississippi and West Virginia – had fewer residents than in 2010, with West Virginia experiencing the highest rate of population decrease (3.2 percent).<sup>30</sup>

Relative to the peer states selected for demographic benchmarking for this study, Vermont's growth is higher than in Wyoming (2.3 percent) and Maine (2.6 percent) but below the growth seen in Iowa (4.7 percent) and New Hampshire (4.6 percent).

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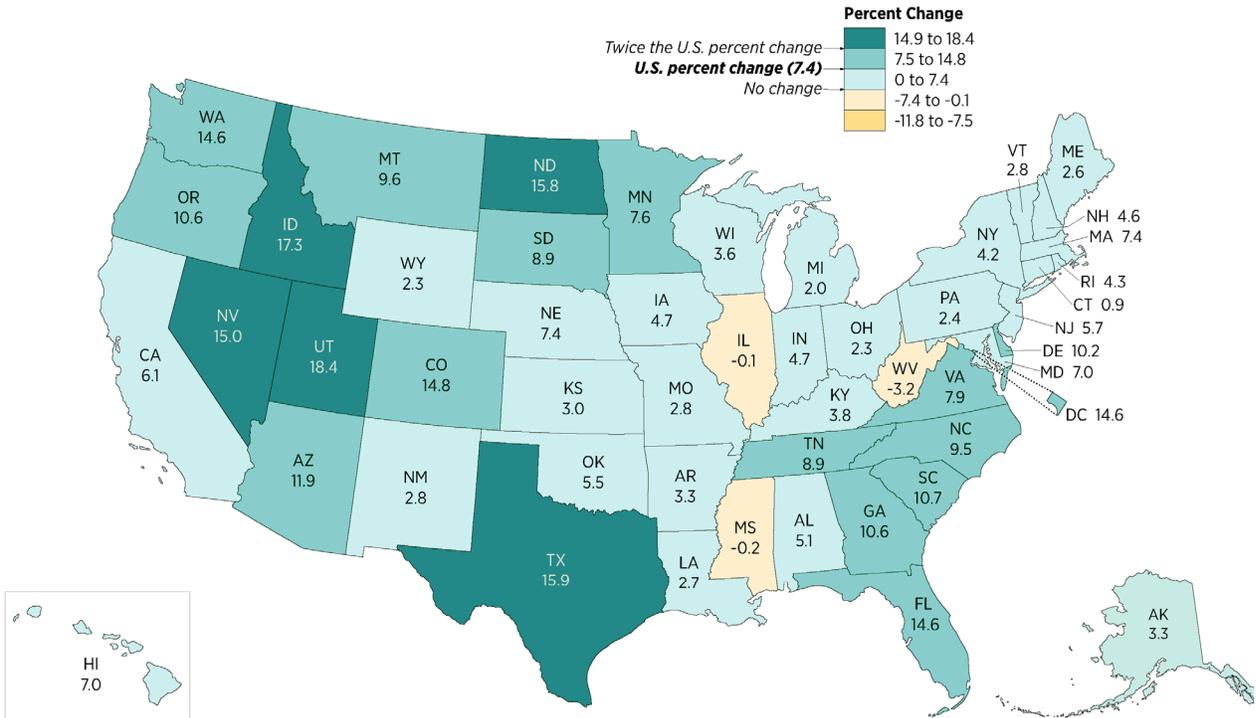
<sup>28</sup> U.S. Census Bureau, "2020 Census: Percent Change in Resident Population for the 50 States, the District of Columbia and Puerto Rico: 2010 to 2020," (April 27, 2021). Accessed electronically at <https://www.census.gov/library/visualizations/2021/dec/2020-percent-change-map.html>

<sup>29</sup> Vermont's population was essentially flat between 2010 and 2019. During that time, the State's population decreased from approximately 626,000 residents to just under 624,000 (a compound annual growth rate – or CAGR – of 0.0 percent).<sup>29</sup> During the same time period, the U.S. population increased by a CAGR of 0.7 percent, and the population of northeast states in the aggregate increased by a CAGR of 0.1 percent, indicating that, while stagnant, Vermont's population growth resembled that of most other states and the U.S. as a whole.

<sup>30</sup> U.S. Census Bureau, "2020 Census: Percent Change in Resident Population for the 50 States, the District of Columbia and Puerto Rico: 2010 to 2020," (April 27, 2021). Accessed electronically at <https://www.census.gov/library/visualizations/2021/dec/2020-percent-change-map.html>



**Figure 7: Percent Change in Resident Population by State, 2010 to 2020**



Source: U.S. Census Bureau

According to the U.S. Census Bureau, the national percentage of the total population in urban areas was 80.7 percent in 2010. Vermont’s urban population was just 38.9 percent – higher only than Maine (38.7 percent). West Virginia is next at 48.7 percent; Mississippi at 49.4 percent; and Montana rounds out the lowest five states at 55.9 percent.<sup>31</sup> Among other selected peer states, Wyoming, Iowa and New Hampshire have the 12<sup>th</sup>, 11<sup>th</sup> and 10<sup>th</sup> lowest urban populations, at 64.8 percent, 64.0 percent and 60.3 percent, respectively. None of Vermont’s counties reach the national urban population benchmark, as percentages in 2010 ranged from 2.8 percent in Orange County to 74.0 percent in Chittenden County.<sup>32</sup>

**Demographic and Workforce Characteristics**

The following table provides key characteristics about Vermont residents and workers relevant to this study.

**Table 6: Summary of State Demographic and Workforce Characteristics**

	Vermont	Iowa	Maine	New Hampshire	Wyoming	National
Net Migration Counts (2010-2019)	-3,281	17,809	28,522	36,490	-10,087	7,685,444
Percent of the Population That Are Racial/Ethnic Minorities	7.4%	15.0%	7.0%	10.2%	16.3%	39.9%
Percent of the Population Aged 65 and Older	20.0%	17.5%	21.2%	18.7%	17.1%	16.5%

<sup>31</sup> Final 2020 U.S. Census results are not yet available as of the date of this report. Urban population percentages are not directly comparable over time due to changes in definitions and criteria for delineating urban areas. As of 2010, “urban” included all population in urbanized areas and urban clusters (each with their own population size and density thresholds).

<sup>32</sup> Estimates were not available for Essex, Grand Isle or Lamoille Counties.



	Vermont	Iowa	Maine	New Hampshire	Wyoming	National
Percent of the Population Under Age 18	18.3%	23.0%	18.5%	18.8%	23.1%	22.3%
Percent of Adults Aged 25 and Older Who Have Completed a Bachelor's Degree or Higher (2015-2019)	38.0%	28.6%	31.8%	37.0%	27.4%	32.1%
Median Household Income in 2019 Dollars (2015-2019)	\$61,793	\$60,523	\$57,918	\$76,768	\$64,049	\$62,843
Percent of the Population Living in Poverty	10.9%	11.2%	10.9%	7.3%	10.1%	11.4%
GINI Index of Income Inequality Coefficient (2021)	44	44	45	43.44	43	48.5

*Note: Data are for 2019 unless otherwise indicated.*

In addition to the factors referenced above, labor shortage statistics can illustrate state challenges in hiring. A recent study by Career Cloud used U.S. Bureau of Labor Statistics data and job information from Indeed, ZipRecruiter and CareerBuilder to analyze labor shortages across the U.S.<sup>33</sup> The study found that Vermont has 1.59 jobs available per unemployed person, the fourth highest among states (and Washington, D.C.). The only places with more jobs available – and the greatest labor shortages – were New Hampshire, Nebraska and Washington, D.C. Vermont also has one of the lowest unemployment rates – the fifth lowest among states – tied with Idaho at 3.0 percent. The states with lower rates included New Hampshire, South Dakota, Utah and Nebraska.

### **Best States for Living and Working**

The COVID-19 pandemic accelerated trends in workplace flexibility, and Americans are increasingly able to choose where they live without being constrained by physical office requirements. In tandem with this shift is an increase in attempts to delineate the “best” states in which to live, based on various metrics. These rankings and evaluations are important, as they may influence potential new residents as they make relocation decisions.

Prior to the COVID-19 pandemic, only six percent of employed people in the U.S. worked primarily from home and approximately three in four workers had never worked from home. In May 2020, however, more than one-third of the employed worked from home (similar to pre-pandemic estimates of the share of work that could be done remotely). Office-based businesses and professional occupations were most likely to implement remote work, with three-quarters of such employees working from home early in the pandemic. Now, most workers and employers expect to permanently implement more flexible remote work opportunities after the pandemic ends.<sup>34</sup>

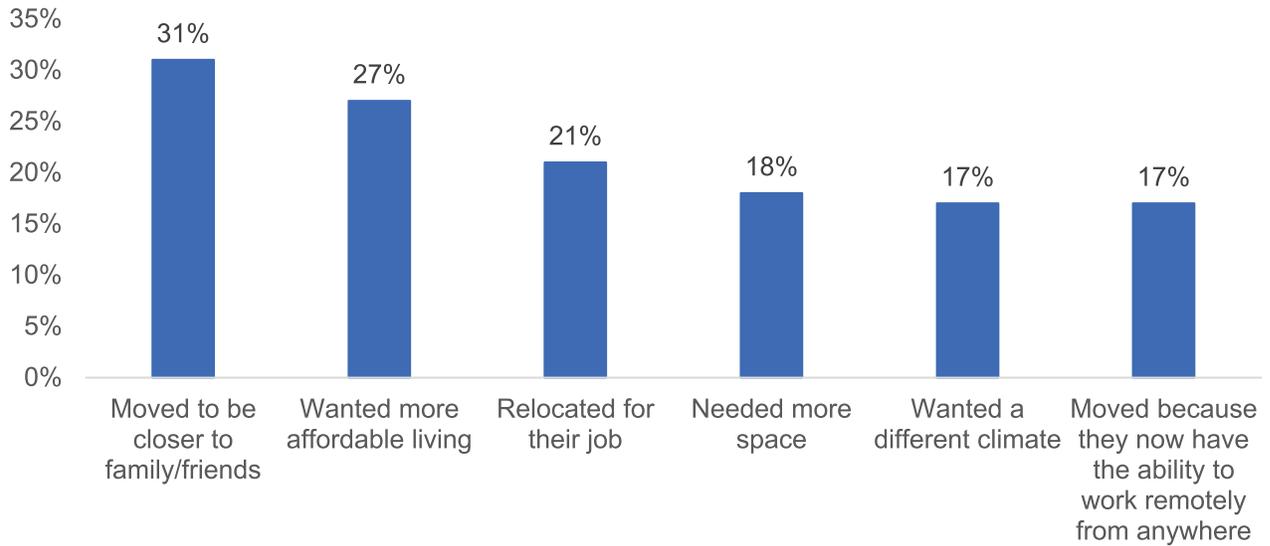
With technology making remote work easier and many companies in need of workers, an employer’s location does not necessarily dictate the location of the employee. Further, the COVID-19 pandemic accelerated the push for many employers to enable their remote-capable employees to work from home. As a result, more people than ever have the flexibility to choose where they live and work – and a wide variety of factors may influence these location decisions. For example, a nationwide Bankrate/YouGov survey found that, of respondents who moved in 2020, nearly a third said it was to be closer to friends and/or family, while more than a quarter said finding affordable living was a key reason behind their decision to move. The following figure illustrates the findings of the survey.

<sup>33</sup> Career Cloud, “States Most and Least Impacted by the Labor Shortage,” (October 12, 2021). Accessed electronically at <https://www.careercloud.com/news/labor-shortage>

<sup>34</sup> NCCI, “Remote Work Before, During and After the Pandemic,” (January 25, 2021). Accessed electronically at [https://www.ncci.com/SecureDocuments/QEB/QEB\\_Q4\\_2020\\_RemoteWork.html](https://www.ncci.com/SecureDocuments/QEB/QEB_Q4_2020_RemoteWork.html)



**Figure 8: Reasons for Relocating in 2020**



Source: Bankrate/YouGov Poll

As another example, U.S. News and World Report’s annual Best States Rankings study uses more than 70 metrics, such as health care, education, economy, infrastructure, public safety, fiscal stability of state government – and draws on thousands of data points – to measure how well states are performing for their citizens. Results from the 2021 report are summarized in the following table.

**Table 7: U.S. News and World Report, Best States Rankings (2021)**

Overall Rank	State	Health Care	Education	Economy	Infrastructure	Opportunity	Fiscal Stability	Crime & Corrections	Natural Environment
11	Vermont	18	15	25	12	17	37	3	9
4	New Hampshire	13	13	11	34	3	33	1	2
12	Iowa	20	18	27	19	1	23	14	20
27	Maine	26	28	36	37	29	26	2	14
35	Wyoming	38	21	45	8	42	34	21	13

Source: U.S. News & World Report

As illustrated in the preceding table, Vermont ranked 11<sup>th</sup> among all states in 2021, performing relatively well in the Crime and Corrections, Natural Environment and Infrastructure categories (#3, #9 and #12, respectively), while its lowest ratings were for Economy (#25) and Fiscal Stability (#37). With regard to peer states, New Hampshire’s rank was 4<sup>th</sup>, due to particularly high marks related to Crime and Corrections, Natural Environment and Opportunity (#1, #2 and #3, respectively). Iowa’s overall rank was 12<sup>th</sup>, just below Vermont (securing the #1 rank for Opportunity but relatively low – #27 – for Economy). Maine ranked 27<sup>th</sup> overall, and Wyoming 35<sup>th</sup>.<sup>35</sup>

<sup>35</sup> U.S. News & World Report, “Best States Rankings.” Accessed electronically at <https://www.usnews.com/news/best-states/rankings>



The criteria used in evaluating a state’s livability or workability often vary from study to study. For example, in its 2021 study on the best states for working from home, personal finance website WalletHub compared 12 key work and living environment-related metrics across the states, ranging from the share of workers working from home before COVID-19 to internet cost and cybersecurity, and also included factors like how large and crowded homes are in the state. Based on this analysis, Vermont ranked 37<sup>th</sup> among all states overall (#42 for Work Environment and #45 for Living Environment). By comparison, New Hampshire ranked 4<sup>th</sup> overall (#7 for Work Environment and #44 for Living Environment), while Maine, Iowa and Wyoming ranked lower than Vermont overall (40<sup>th</sup>, 43<sup>rd</sup> and 45<sup>th</sup>, respectively).<sup>36</sup>

**Cost of Living**

Cost of living (i.e., the amount of money needed to sustain a certain standard of living by affording basic needs such as housing, food, healthcare and more) can be a significant factor in some location decisions. The Missouri Economic Research and Information Center (MERIC) derives a composite cost of living index for each state based on six components: housing, utilities, grocery items, transportation, health care and miscellaneous goods and services.<sup>37</sup>

Based on this analysis, Vermont does not rank particularly well (41<sup>st</sup> overall as of the second quarter of 2021), and its most significant challenges relate to housing affordability. Among peer states, Iowa again ranked favorably (11<sup>th</sup>) with a relatively low cost of living across all expense categories, particularly related to housing. The following table displays additional detail about these rankings.

**Table 8: Composite Cost of Living Index, 2021 Quarter 2, Select States**

Rank	State	Index	Grocery	Housing	Utilities	Transportation	Health	Misc.
41	Vermont	116.8	114.1	138.3	118.4	114.9	98.9	103.2
11	Iowa	91.1	97.6	77.4	95.1	99.0	101.9	98.5
21	Wyoming	95.5	102.9	83.5	85.8	96.3	98.1	104.3
37	New Hampshire	109.5	100.0	111.5	113.0	96.0	115.1	113.4
40	Maine	116.5	101.5	141.7	104.1	104.6	113.3	109.3

Source: MERIC Cost of Living Data Series

In a separate analysis, Moody’s Analytics used U.S. Census Bureau data to compare median housing prices with median family incomes and mortgage interest rates to measure the affordability of housing in each state. Iowa ranks 1<sup>st</sup> for affordability on this list. New Hampshire ranks 21<sup>st</sup>, and Vermont 29<sup>th</sup>, followed by Maine at 30<sup>th</sup> and Wyoming at 39<sup>th</sup>.

According to 2020 U.S. Postal Service mail forwarding/change of address data, while more people left major cities than moved to them over the course of 2020, in terms of raw numbers, population changes were minimal. What the data revealed, however, is that people moved to more affordable places.<sup>38</sup>

<sup>36</sup> WalletHub, “Best States for Working from Home,” (April 6, 2021). Accessed electronically at <https://wallethub.com/edu/best-states-for-working-from-home/72801>

<sup>37</sup> MERIC derives the index for each state by averaging the indices of participating cities and metropolitan areas in that state.

<sup>38</sup> The nearly 12.7 million 2020 change-of-address requests were compiled by zip code and only registered moves within or between zip codes with at least 10 requests over the calendar year. Even so, the numbers provide some good insights into moving patterns during the pandemic.



**Table 9: Summary of U.S.P.S. Mail Forwarding Trends**

Moved From	Median Home Price	Moved To	Median Home Price
New York, NY (Manhattan)	\$1.2 million	Brooklyn, NY	\$925,000
Houston, TX	\$305,000	Katy, TX	\$320,000*
Austin, TX	\$483,000	Pflugerville, TX	\$325,000
Orlando, FL	\$275,000	Kissimmee, FL	\$260,000
Dallas, TX	\$390,000	Carrollton, TX	\$340,000

Source: U.S.P.S.

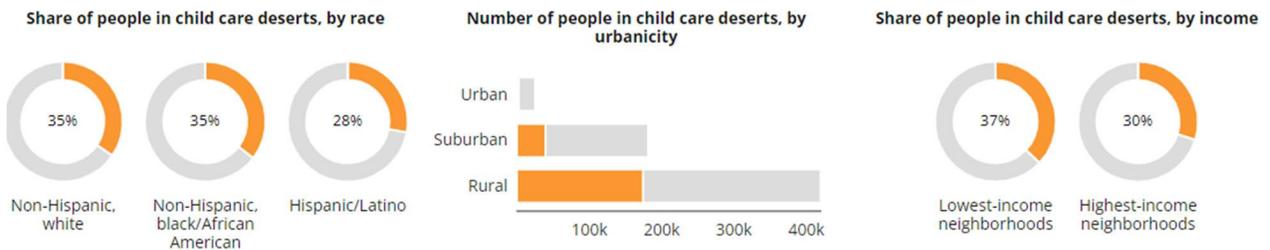
\* Although home prices trend a little higher in Katy, Texas than in nearby Houston, the houses in Katy tend to be larger, so the price per square foot is lower.

The preceding analysis also demonstrates that people are generally not moving long distances. In these examples (which are provided for illustrative purposes), residents are essentially moving from urban core cities to the suburbs. These trends are further explored and confirmed in a recent Bloomberg CityLab analysis, which shows that people who did move stayed close to where they came from, generally.<sup>39</sup> Even in the biggest metro areas, most people did not go far. In the country’s 50 most populous cities, 84 percent of the moves were to somewhere within the perimeter of the central metro area, down just slightly from pre-pandemic levels.

Access to childcare is also a critical issue for relocation decisions. In the United States, 51 percent of all residents live in “childcare deserts” (census tracts with more than 50 children under age five that contain either no childcare providers or so few options that there are more than three times as many children as licensed care slots).

In Vermont, 35 percent of people live in childcare deserts (well below the national average).<sup>40</sup> Childcare supply is especially low among certain populations in the state, with 41 percent of rural families and 37 percent of low-income families living in areas without enough licensed childcare providers.

**Figure 9: Vermont Childcare Desert Statistics**



Source: Center for American Progress

Among peer states, Maine and Iowa perform better, in terms of the overall percent of the population living in childcare deserts (22 percent and 23 percent, respectively). Wyoming is similar to Vermont, with 34 percent of people living in such circumstances, while in New Hampshire, 46 percent of the population lives in childcare deserts.

<sup>39</sup> Bloomberg CityLab, “More Americans Are Leaving Cities, But Don’t Call It an Urban Exodus,” (April 26, 2021). Accessed electronically at <https://www.bloomberg.com/graphics/2021-citylab-how-americans-moved/>

<sup>40</sup> Center for American Progress, “Childcare Deserts by State.” Accessed electronically at <https://childcaredeserts.org/2018/?state=VT>



## Tax Burden

Tax burden also plays a role in cost of living and can therefore be an important consideration in location decisions for businesses and individuals alike. According to Ernst and Young’s study of Total State and Local Business Taxes for FY2020, state, local and total taxes in Vermont result in business taxes per employee of \$8,800.<sup>41</sup> While this amount is greater than in Iowa, New Hampshire and across the U.S. as a whole, it is lower than in peer states of Maine and Wyoming:

- Iowa: \$6,000
- Maine: \$9,000
- Wyoming: \$10,300
- New Hampshire: \$5,600
- U.S. Average: \$6,500

In the Tax Foundation’s recently released State and Local Tax Burdens Report for 2019, state-local tax burdens averaged 10.3 percent of national income.<sup>42</sup> New York ranked 1<sup>st</sup> with an effective tax rate of 14.1 percent and Alaska ranked 50<sup>th</sup> with an effective tax rate of 5.8 percent. Vermont ranked 4<sup>th</sup> among states with the highest combined state and local tax burdens, with an effective tax rate of 12.3 percent. Relative to peer states, Vermont’s effective tax rate was significantly higher, as shown in the following table.

**Table 10: State-Local Tax Burden Rankings, 2019, Select States**

	State-Local Effective Tax Rate	Rank	State-Local Tax Burden per Capita	Taxes Paid to Own State per Capita	Taxes Paid to Other States per Capita
Vermont	12.3%	4	\$6,693	\$5,464	\$1,229
Maine	11.0%	12	\$5,492	\$4,477	\$1,016
Iowa	10.8%	13	\$5,499	\$4,397	\$1,102
New Hampshire	9.7%	28	\$6,090	\$4,577	\$1,513
Wyoming	7.0%	49	\$4,282	\$2,351	\$1,931

Source: Tax Foundation, *State and Local Tax Burden Rankings, 2019*

The report notes that “New York, Hawaii and Connecticut have occupied the top three spots on the list since 2017, with Maryland, Minnesota, New Jersey and Vermont vying for the next four spots – though not always in the same order.” The following table shows the historical trends in burdens by state for selected years.

**Table 11: State-Local Tax Burdens as a Percentage of State Income, Select States**

	2000	2010	2015	2016	2017	2018	2019
Vermont	10.1%	10.8%	11.7%	11.8%	12.0%	12.1%	12.3%
Iowa	9.5%	10.5%	10.5%	10.8%	10.8%	10.7%	10.8%
Maine	10.9%	10.9%	11.4%	11.2%	11.1%	11.0%	11.0%
New Hampshire	7.7%	8.8%	9.8%	9.7%	9.8%	9.7%	9.7%
Wyoming	6.7%	8.3%	8.5%	8.2%	7.2%	6.8%	7.0%
U.S. Average	9.7%	10.6%	10.4%	10.4%	10.4%	10.3%	10.3%

Source: Tax Foundation, *State and Local Tax Burden Rankings, 2019*

<sup>41</sup> Ernst and Young, “Total State and Local Business Taxes for FY20,” (November 18, 2021). Accessed electronically at [https://www.ey.com/en\\_us/tax/fy-20-total-state-and-local-business-taxes](https://www.ey.com/en_us/tax/fy-20-total-state-and-local-business-taxes)

<sup>42</sup> Tax Foundation, “State and Local Tax Burden Rankings, 2019,” (March 18, 2021). Accessed electronically at <https://files.taxfoundation.org/20210322135318/State-and-Local-Tax-Burdens-Calendar-Year-20192.pdf>



### Broadband Internet Access

The Vermont Department of Public Service annually surveys and maps the deployment of high-speed broadband internet access in the state. As of October 2021, 96.2 percent of the state had access to broadband at speeds of 4/1 Megabits per second (Mbps), 80.3 percent to 25/3 Mbps and just 29.2 percent had access to 100/100 Mbps.<sup>43</sup>

**Table 12: High-Speed Broadband Internet Access in Vermont**

Speed Tier	Served		Not Served	
	#	%	#	%
100/100 Mbps*	90,728	29.2%	219,905	70.8%
25/3 Mbps**	249,439	80.3%	61,194	19.7%
4/1 Mbps***	298,719	96.2%	11,914	3.8%

Source: Vermont Department of Public Service, *Broadband High-Speed Internet Availability in Vermont* (as of October 31, 2021)

\* Download speed of at least 100 Mbps and is symmetrical

\*\* At least 25 Mbps and an upload speed of at least 3 Mbps

\*\*\* 4 Mbps and an upload speed of at least 1 Mbps

Given the trends in how and where Americans work (accelerated by the COVID-19 pandemic), access to high-speed broadband is more important than ever. For remote workers considering relocation, high-speed internet access is a must-have requirement.

According to estimates from the U.S. Census Bureau, more than eight in ten households across the U.S. had a broadband subscription in 2019, though rates tend to be lower in states with low population density (and vice versa).<sup>44</sup> However, according to 2019 estimates from the Federal Communications Commission (FCC), only 20 percent of Americans have access to high-speed broadband internet (i.e., with speeds greater than one gigabit per second) through cable, fiber, fixed wireless, satellite or other means.<sup>45</sup>

According to U.S. News and World Report, Vermont ranks 42<sup>nd</sup> among all states for internet access, performing significantly lower than peer states New Hampshire (4<sup>th</sup> overall) and Wyoming (12<sup>th</sup> overall). Only Maine (45<sup>th</sup>) ranked lower than Vermont, as shown in the following table.<sup>46</sup>

**Table 13: Internet Access Rankings, Select States**

Overall Rank	State	Access to Gigabit Internet Rank	Broadband Subscription Rate Rank
42	Vermont	29	41
4	New Hampshire	17	6
12	Wyoming	21	16
38	Iowa	27	38
45	Maine	42	35

Source: U.S. News and World Report, *Internet Access Rankings*

<sup>43</sup> Vermont Department of Public Service, "Broadband High-Speed Internet Availability in Vermont," (last updated October 31, 2021). Accessed electronically at <https://publicservice.vermont.gov/content/broadband-availability>

<sup>44</sup> U.S. Census Bureau, "2019 American Community Survey 1-Year Estimates: Types of Computers and Internet Subscriptions." Accessed electronically at <https://data.census.gov/cedsci/table?q=broadband&tid=ACSST1Y2019.S2801&hidePreview=true>

<sup>45</sup> Federal Communications Commission, "Fixed Broadband Deployment: Compare Broadband Availability in Different Areas," (December 2019). Accessed electronically at [https://broadbandmap.fcc.gov/#/area-comparison?version=dec2019&tech=acfosw&speed=1000\\_100&searchtype=state&searched=y](https://broadbandmap.fcc.gov/#/area-comparison?version=dec2019&tech=acfosw&speed=1000_100&searchtype=state&searched=y)



# Incentive Benchmarking

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Traditional economic development incentives have focused on attracting employers and business investment. However, as more workers are able to work from – and live – anywhere, states and localities are increasingly offering incentives targeting remote and relocating workers. While Vermont was one of the earliest adopters of such incentives, the following chapter describes notable programs and approaches developed and deployed in other states and localities. A comprehensive list of the programs cited (and their key parameters) is provided in Appendix H.

- **Incentives targeting relocating and/or remote workers are on the rise.**  
As of November 1, 2021, MakeMyMove.com (an online directory that aims to connect remote workers with relocation incentives offered by states and localities across the country) identified a total of 52 programs across multiple incentive categories, including cash offers, gifts, land, homeownership incentives and relocation reimbursements.<sup>47</sup>
- **Many programs offered in other states and localities include “icing on the cake” perks in addition to financial incentives.**  
Frequently, jurisdictions provide benefits – on top of typical cash incentives – to further encourage relocation. Common examples of such perks include access to coworking spaces, memberships to community organizations and built-in community ambassadors.
- **Some jurisdictions provide incentives for the re-employment of individuals who previously left the workforce.**  
As the economic recovery picks up, some states have identified and addressed the barriers keeping their workforce from returning to work and filling open positions posted by employers. In an effort to encourage unemployment claimants as well as those who have stopped looking for work (who are no longer included in labor force participation statistics), some states have adopted return-to-work incentives for both jobseekers and employers with open positions.

Other states with programs targeting the return to work include Arizona, Colorado, Connecticut, Hawaii, Idaho, Kentucky, Maine, Montana, New Hampshire, New Jersey and Oklahoma. Incentives range from \$500 in New Jersey to \$2,000 (for full-time workers) in Arizona. Among states with such programs, many have established eligibility requirements related to the duration of work to be performed as well as earnings thresholds.

Interestingly, while most of these programs target workers, New Jersey’s Return to Earn incentive focuses on employers. Eligible businesses must have 100 or fewer employees; positions must be full-time and pay at least \$15 per hour. Subsidies provided under this program cover half of new employee wages for six months. Employers are eligible for wage reimbursements up to \$10,000 if they hire and train workers with skills gaps.<sup>48</sup>

- **Other programs target former residents of a given jurisdiction.**  
Persistent population loss is a challenge for many communities in the U.S., especially in more remote locales, and return migration plays a largely overlooked role in replenishing population numbers while raising education levels and labor supply and increasing the social vitality of locales. Multiple states and localities have promoted programs designed to encourage return migration (as summarized in the Appendices).

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<sup>47</sup> MakeMyMove, “Offers.” Accessed electronically at <https://www.makemymove.com/get-paid>

<sup>48</sup> New Jersey Department of Labor and Workforce Development, “Return and Earn: An Incentive Program for Garden State Workers and Employers.” Accessed electronically at <https://www.nj.gov/labor/employer-services/business/returnandearn.shtml>



- **Some states have responded to remote work trends not by rolling out new programs, but by modifying existing economic development incentives.**

In addition to the programs and strategies outlined above, some states have modified their existing economic development incentives in recognition of the significant shift to remote work. While remote employees must still meet standard qualifying program requirements and often must be residents of the state incentivizing the organization, such modifications allow businesses to continue offering workforce flexibility while also qualifying for new or retaining existing tax credits and incentives.<sup>49</sup> Examples include in Georgia, Kansas, Ohio and Virginia.

Of particular note among these examples is Georgia, which now allows certain telecommuting employees to qualify for its Jobs Tax Credit – but for tax years 2020 and 2021 only. This provision recognizes the shift in how and where people work as a result of the COVID-19 pandemic while also providing an avenue for the state to reassess the need for such an incentive after the pandemic ends.

- **Some jurisdictions have programs targeting certain barriers to relocation.**

While the employment opportunities available in some states and localities may offer good wages, certain costs – such as those related to housing and childcare – may outweigh any gains workers stand to make in earnings. As a result, high-income areas are still appealing to many workers, but only highly skilled workers who can command salaries high enough to make it worthwhile to move are able to migrate. Low-income workers will end up spending much of their incomes on housing if they move, and instead stay put.<sup>50</sup>

In recognition of this dynamic, some states and localities have created programs that seek to alleviate workforce challenges by addressing impediments to relocation, such as lack of access to affordable housing and childcare (both of which are commonly cited challenges in effectively recruiting new workers to Vermont). A sampling of the strategies employed in other states and localities is summarized in the following table.

**Table 14: Summary of Programs Targeting Barriers to Relocation**

Jurisdiction	Program Description
Michigan <sup>51</sup>	The Tri-Share Child Care Program adopts an innovative approach to increasing access to high quality, affordable childcare for working families, while also helping to retain talent and removing one major barrier to employment. Under the program, the cost of childcare is shared equally by an eligible employer and the state, with coordination being provided regionally by a facilitator hub. Funded with \$1 million appropriation in the FY2021 budget, program will operate initially in three regions of the state.
Oklahoma <sup>52</sup>	The state has provided 60 days of subsidized full-time childcare to Oklahomans looking for work due to loss of employment during the COVID-19 crisis.

<sup>49</sup> CLA, “Does Your Remote Workforce Qualify for Revised State Tax Incentives?” (September 7, 2021). Accessed electronically at <https://www.claconnect.com/resources/articles/2021/does-your-remote-workforce-qualify-for-revised-state-tax-incentives>

<sup>50</sup> The Atlantic, “The Barriers Stopping Poor People from Moving to Better Jobs,” (October 12, 2017). Accessed electronically at <https://www.theatlantic.com/business/archive/2017/10/geographic-mobility-and-housing/542439/>

<sup>51</sup> Michigan Women’s Commission, “Unlocking Opportunities.” Accessed electronically at <https://www.michigan.gov/mwc/0,5828,7-334-70414-342725--00.html>

<sup>52</sup> Oklahoma Human Services Department, “50 million from CARES Act to allow 60 days of childcare for job search,” (April 24, 2020). Accessed electronically at <https://oklahoma.gov/okdhs/newsroom/2020/april/comm04242020.html>



Jurisdiction	Program Description
Virginia <sup>53</sup>	The Return to Earn Grant Program provides \$500 in matching funds (for up to 25 new hires) to businesses that pass along the incentive to such employees. Jobs must pay \$15 per hour or more. In recognition that qualifying small childcare businesses may be facing particularly challenging workforce shortages, they are not subject to the matching requirement.
Lincoln, Kansas <sup>54</sup>	Provides free buildable residential lots ranging between 14,000 and 35,000 square feet that are connected to public streets and water and sewer. Subject to City Council approval, applicants agree to build a residential structure on the lot at their own expense while complying with the town's design guidelines and restrictive covenants.
Merrill, Wisconsin <sup>55</sup>	Provides up to \$10,000 to relocating individuals who build a house. The City initially set up the program for developers who build there, but recently expanded it to individuals as well.
New Haven, Connecticut <sup>56</sup>	The ReNew Haven Initiative packages as much as \$80,000 in incentives for new homeowners, including \$10,000 for down payment assistance, up to \$30,000 for energy saving renovations and full tuition at in-state schools for public school graduates.
Newton, Iowa <sup>57</sup>	The Newton Housing Initiative provides relocating individuals with either \$5,000 or \$10,000 in cash, depending on the value of the home purchased (the program also includes a welcome package featuring gift cards for local art classes, photography sessions, pool passes, YMCA memberships and more).
Tulsa, Oklahoma <sup>58</sup>	In addition to its core program, Tulsa Remote recently launched an initiative to further incentivize homeownership: It pays the full \$10,000 up front to people who buy homes immediately upon moving to town.

- Place-based incentives exist to encourage activity within targeted areas of some states.** Several states and localities have developed programs targeting place-based economic development incentives. In Kansas, for example, the largest ten counties grew employment by 15.3 percent from 1997 to 2018, while the other 95 counties experienced employment declines of 4.1 percent. To draw new residents to counties experiencing long-term reductions in employment, the state has identified nearly 80 counties as “Rural Opportunity Zones” that are permitted to offer a waiver of Kansas income taxes for up to five years and/or student loan repayments of up to \$15,000 over 5 years.<sup>59</sup>

In furtherance of its rural economic development goals, more generally, the State of Kansas created an Office of Rural Prosperity (ORP) in 2018 within its Department of Commerce to advocate for and promote rural Kansas and focus on efforts designed to aid rural improvements. Through ongoing conversations with rural stakeholders, ORP identifies key policy priorities and blends administrative action with legislative work to remove barriers to prosperity.<sup>60,61</sup> The ORP's website provides links to several resources, including Rural Success Stories and those related to

<sup>53</sup> Virginia's \$3 million pilot initiative was developed in acknowledgment that residents are facing a variety of childcare, transportation and other barriers to returning to the workforce, while some small businesses are struggling to find workers.

<sup>54</sup> Live Lincoln Kansas, “Free Lots (Residential) – Lincoln, KS.” Accessed electronically at <https://www.livelincolncounty.com/free-lots-residential/>

<sup>55</sup> WSAU, “City of Merrill Offers \$10,000 Incentive for New Home Construction,” (July 15, 2021). Accessed electronically at <https://wsau.com/2021/07/15/city-of-merrill-offers-10000-incentive-for-new-home-construction/>

<sup>56</sup> Community Wealth, “Livable City Initiative.” Accessed electronically at <https://community-wealth.org/content/livable-city-initiative-lci>

<sup>57</sup> Newton, Iowa, “Housing Initiative.” Accessed electronically at <https://newtongov.org/806/Housing-Initiative>

<sup>58</sup> Bloomberg CityLab

<sup>59</sup> Kansas Department of Commerce, “Rural Opportunity Zones,” <https://www.kansascommerce.gov/resource/rural-opportunity-zones/>

<sup>60</sup> Kansas Department of Commerce, “Kansas Office of Rural Prosperity,” Accessed electronically at <https://www.kansascommerce.gov/orp/>

<sup>61</sup> Kansas Department of Commerce, “Office of Rural Prosperity Annual Report 2020.” Accessed electronically at [https://www.kansascommerce.gov/wp-content/uploads/2021/05/ORP\\_2020\\_Annual\\_Report.pdf](https://www.kansascommerce.gov/wp-content/uploads/2021/05/ORP_2020_Annual_Report.pdf)



rural housing, childcare early education, broadband infrastructure, healthcare/wellness, workforce, community development.

- **Given the relative “newness” of worker-focused programs, limited evidence exists related to the tangible and intangible benefits other jurisdictions have experienced in connection with recently established worker incentive programs.**

Few formal studies of such programs have been completed, and evidence of the benefits is often anecdotal. Even in Alaska, where residents have received an annual dividend check from the state since the Alaska Permanent Fund was established with tax revenue from oil drilling in the 1970s, no studies have been conducted to show that cash payments have convinced people to remain in or relocate to Alaska.<sup>62</sup> This is possibly because it is a hard question to answer,<sup>63</sup> or maybe due to a lack of concern. The program is very popular, regardless of political party, and an attempt to evaluate the effectiveness of or cap dividend payments would likely be unpopular.

Perhaps the most comprehensive evaluation of a similar program available to date is Economic Innovation Group’s recent (2021) study of the Tulsa Remote Program, where early evidence suggests that it is having a significant impact on the local economy. Key takeaways from this analysis are summarized in the following case study.<sup>64</sup>

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<sup>62</sup> How Stuff Works, “Does Paying People to Relocate to a State Work?” (February 21, 2019). Accessed electronically at <https://money.howstuffworks.com/does-paying-people-to-move-to-state-no-one-really-knows.htm>

<sup>63</sup> Because Alaska’s economy is so reliant on the energy sector, there are wild year-to-year fluctuations in economic activity, and that impacts how many people move in and out of the state. Within that context, it would be extremely difficult to isolate to what extent migration decisions were affected by the dividend payment.

<sup>64</sup> Economic Innovation Group, “How Tulsa Remote is Harnessing the Remote Work Revolution to Spur Local Economic Growth,” (November 2021). Accessed electronically at <https://eiq.org/wp-content/uploads/2021/11/Tulsa-Remote-Report.pdf>



### **Case Study: Tulsa Remote Program**

The Tulsa Remote program was launched in November 2018 with a cohort of approximately 70 participants. Each was incentivized to relocate to Tulsa with payments totaling \$10,000 over the course of a year, discounts on co-working spaces and apartments, and the promise of a community of newcomers to hang out with. In return, Tulsa was hoping the experiment would revitalize an economy that could no longer depend on the oil industry to keep it afloat, make up for an increase in the number of people leaving the state, and shore up its educated workforce.

An economic impact analysis by the Economic Innovation Group (EIG) found that the program was responsible for millions in new local earnings and bringing just under 600 new jobs to the Tulsa area in 2021 alone. This far, the incentive has succeeded in attracting a highly educated, well-paid cohort of remote workers and their families. Key findings from EIG's study include:

- In the first three years of the program, at least 1,200 people moved to the city as participants, and about 600 more people accompanied them. These transplants are highly paid and highly educated for the region.
- As of mid-2021, Tulsa Remote participants made a median income of \$85,000, compared to Tulsa's regional median of around \$58,000. Nearly 90 percent had a bachelor's degree, while only 32 percent of Tulsans do. About 45 percent of participants came from just three states: California, New York and Texas.
- The city appears to be able to entice participants to remain long-term. Some 88 percent of participants stayed at least one year (the program's minimum commitment), and 39 percent live in homes that they or someone in their household owns. Retention potential increases as people age: about 44 percent of the under-30 cohort expect to still be in Tulsa in five years, compared to 55 percent of those in their 30s, and 64 percent of those aged 40 and older.
- The program has been responsible for bringing \$62 million of local earnings into the city and spurring the creation of nearly 600 jobs in 2021 alone. The figure is based on adding up the earnings and potential economic ripple effects of the estimated 394 participants who came prior to 2021 but were likely to stay through 2021 based on retention surveys. This assumes the remote workers ate at local restaurants, went to local shows, paid local taxes, used local attorneys and generally spurred new demand for labor across the city.
- Tulsa Remote intends to build upon these economic impacts and expand further in the years ahead. On its current growth trajectory, in 2025, the program is estimated to add approximately \$500 million in new local earnings and support upwards of 5,000 high-impact jobs, including thousands of relocated remote workers and at least 1,500 newly created full-time equivalent local jobs.

*Source: Economic Innovation Group, "How Tulsa Remote is Harnessing the Remote Work Revolution to Spur Local Economic Growth"*



# Key Findings & Recommendations

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The following summarizes the PFM team's key findings with regard to the effectiveness of Vermont's programs, and also provides recommendations for improving program effectiveness.

- **Many factors have contributed to a reduction in the number of Vermont workers.**  
Among these factors are the state's flat but aging population, the long-term nature of the recovery from the Great Recession and the effects of the COVID-19 pandemic on workforce trends. As the state's population continues to age, more people will depend on safety nets, but the population of working people paying into them will not grow at the same rate. Long-established patterns of earning, spending and saving will be altered, with the potential to affect fiscal sustainability and limit growth.<sup>65</sup>
- **A wide variety of Vermont industries are facing workforce shortages.**  
These include healthcare, dentistry, childcare, tourism, food service, retail and others. According to the Vermont Department of Labor, the occupations with the most short-term openings include cashiers; fast food and counter workers; home health and personal care aides; retail salespersons; and waiters and waitresses. Rural and/or economically disadvantaged areas of the state are often hit even harder.
- **The issues cited most often as impediments to relocating to Vermont are a relatively high cost of living, a lack of affordable housing, and insufficient access to childcare.**  
These challenges were echoed by several Vermont employers during the project interview process when asked to identify common issues that make out-of-state recruitment difficult. Notably, these issues predominantly impact the ability of lower-wage workers to relocate to Vermont.
- **While some face impediments to relocating to Vermont, there are also several commonly cited reasons as to why people choose to relocate there.**  
These include an existing connection to Vermont or Vermonters, a love of the outdoors, and the state's reputation as a great place to raise a family.
- **The limited size of the Programs limits their ability to make sweeping or significant impacts on the state's demographic challenges and workforce shortages.**  
In other words, it should be expected that the "net gains" and "scope of gains" resulting from the Programs will be small.
- **The incentives are structured as rebates, and this has been a topic of some contention.**  
While responsible from a fiscal perspective, some have questioned whether the Programs are necessary when grants are paid to new residents after they have relocated. As discussed previously, similarly focused programs in other states and localities are typically structured as grants, rather than reimbursements.
- **The current incentive for relocating workers is likely unnecessarily limiting.**  
The relocating employee-focused component of the 2021 Program is available only to employees in an occupation on the state's List of 50 Occupations with the Most Openings. Some have pointed out that, due to the nature of the occupations on the list, this is attracting low-wage workers. Others have noted that the list does not include certain healthcare positions that have been

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<sup>65</sup> Governing Magazine, "Is There Any Gold Mine in the Graying of America?" (November 30, 2021). Accessed electronically at <https://www.governing.com/now/is-there-any-gold-to-mine-in-the-graying-of-america>



deemed critical. Some employers who participated in study interviews indicated surprise and/or disappointment in learning their employees would not qualify for the 2021 Program.

- **Gross wage requirements for the prior relocation incentive required the position to meet or exceed 160 percent of the Vermont minimum wage.**  
Under the current version of the program, eligible grantees must receive a gross salary that equals or exceeds the Vermont livable wage rate.
- **The current relocation incentive application process requires an employer attestation, and this has been contentious.**  
While put into place as a way to help ensure responsible use of the funds, some have expressed hesitation over the potential level of effort and/or risk that this might require on the part of businesses.
- **There is anecdotal evidence that the change in program requirements and eligibility from year to year may create confusion among businesses, workers and industry representatives.**  
This applies to multiple program parameters, as discussed throughout this report.
- **ACCD has made investments and process improvements that have positively impacted its ability to effectively administer programs.**  
Among the most significant changes was the development and implementation of an online, end-to-end grant application portal in collaboration with Vermont Information Consortium, LLC. This has undoubtedly reduced the prevalence of human error while also creating efficiencies in the process for both ACCD staff and applicants.

Building upon these findings, the following provides the PFM team's assessment of the Programs' effectiveness.

**1. Were Vermont grant recipients' decisions to move to Vermont materially influenced or caused by the grant programs?**

A survey of 2018 and 2019 Program grantees suggests that the incentives materially influenced the decision to move to Vermont for approximately half of recipients, a notable finding given that the average incentive award issued was less than \$5,000 per individual. Survey responses differed by program, with 60 percent of grantees in the 2018 Program and 47 percent of grantees in the 2019 Program indicating that the incentive was "somewhat important" or "very important" to their decision.

On multiple occasions, incentives were referred to by internal and external stakeholder interviewees as the "icing on the cake," reflecting the reality that an incentive alone rarely drives relocation decisions. Instead, multiple factors influence individuals' decisions to move to Vermont. Other leading factors include access to outdoor recreation and nature, the perception of Vermont as a safe place to live and raise a family, access to community/cultural amenities, existing connections to the state prior to relocating, and the pursuit of a job opportunities. Multiple other states offer these attributes in some combination, and 60 percent of survey respondents indicated they considered moving to another state before selecting Vermont.



## **2. Are particular incentive structures more likely to influence decisions to relocate to Vermont? If so, which are most cost effective?**

Incentives are most effective when they are part of a holistic economic development strategy, not just standalone initiatives.<sup>66</sup> A program evaluation necessarily examines the effect of the incentive in isolation, but in reality, the incentive is considered in combination with many other factors that affect business or individual relocation decisions.<sup>67</sup> Effective incentive structures take these multiple factors into account and work in concert with other state and local initiatives that address them. Other states and localities offering remote work or relocating worker incentives often take this approach, including housing, networking, community-building and other quality of life benefits and services along with cash incentives. In this way, an incentive's individual impact can be magnified as it is combined with other programs, improving its cost effectiveness.

Ultimately, the “most cost effective” structure depends on the state's goal. If the goal of the Programs is to maximize the tax revenue Vermont gains as a result of its investments, the most cost-effective incentive structure would be one that encourages people with high-paying jobs to relocate to the state. However, while focusing on high-paying jobs may fare well from a cost-benefit perspective, such an approach could not be considered effective because it would not help Vermont reach its economic development goals of assisting economically distressed communities or aiding Vermont employers trying to fill lower-wage positions.

## **3. Does a program that successfully influences residents of other states to relocate to Vermont result in net gains to the Vermont economy? If so, what is the scope of such gains?**

The 2018 and 2019 Programs provide a substantial return per tax dollar spent. An economic impact analysis of the two Programs indicates that the 2018 Program generated an estimated 52 new jobs, \$2.5 million in wages and \$7.6 million in total economic impact, and the 2019 Program generated an estimated 63 new jobs, \$3.1 million in wages and \$9.5 million in total economic impact. In addition, the 2018 Program returns an estimated \$93.88 in economic activity for every net dollar spent by the State, and the 2019 Program returns an estimated \$66.26 in economic activity for every net dollar spent. Economic impacts are ongoing as, once created, the jobs are permanent.

In addition to these economic impacts, the Programs also likely provide other net gains to the state's economy, such as the value of media coverage in increasing awareness about Vermont and its exposure to potential new residents and businesses.

## **4. Can the programs be better structured to incentivize relocating individuals to move to economically disadvantaged parts of the state?**

A modest incentive program alone is unlikely to be effective in motivating workers to relocate to economically disadvantaged parts of the state. However, an incentive may be more successful if structured to work in concert with local attraction initiatives and state efforts to address other challenges associated with living and working in economically disadvantaged areas, such as the cost and availability of housing, childcare needs, and reliable high-speed internet access.

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<sup>66</sup> Harpel, E. “Cost-Benefit Analysis of Investment Incentives” in Rethinking Investment Incentives. Trends and Policy Options. Ana Teresa Tavares-Lehmann, Perrine Toledano, Lise Johnson, and Lisa Sachs. Columbia University Press. 2016; Hackler, D. and Harpel, E. “Incentives for Entrepreneurial Firms.” Ewing Marion Kauffman Foundation, 2021.

<sup>67</sup> McKinsey & Company, “How State and Local Governments Win at Attracting Companies,” (September 13, 2019). Accessed electronically at <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/how-state-and-local-governments-win-at-attracting-companies>



Grant recipients of the 2018 and 2019 Programs indicated that offering more money (56 percent), providing housing assistance (59 percent), providing childcare assistance (49 percent), and aggregating information regarding business/work support programs (41 percent) would be effective options for encouraging moves to economically disadvantaged areas. Vermont should consider increasing the maximum value of grants awarded and/or restructuring its incentives to address these factors.

**5. Should certain types of compensable expenses (e.g., those that increase the value of the recipient's home) be reimbursable to the state? Should grants be contingent upon a particular duration of residence?**

Among states and localities with incentives and/or goals similar to Vermont's, none were identified which require recipient reimbursement of certain types of compensable expenses covered under the Program in the event that some condition is not met after the award has been received. It would be administratively complex for Vermont to identify and seek reimbursement for certain grantee expenses. Further, the majority of grantee expenses identified in the 2018 and 2019 Programs are related to relocation, so tracking infrequent activity that increases home value or is otherwise unrelated to relocation is not likely to yield much benefit to the state (and would increase the state's administrative costs). In addition, the possibility that the state could "claw back" funds in the future might be a deterrent for potential grantees.

With regard to whether grants should be contingent upon a particular duration of residence, Vermont is an outlier among states and localities with similar programs. While Vermont's Programs are based on establishing residency as of a given date,<sup>68</sup> they do not stipulate how long a grant recipient must remain a Vermont resident or the timeframe within which one must relocate. Several states and localities do impose such residency duration requirements as a condition of receiving a relocation incentive. In such locations, benefits are typically paid out over multiple months or years – and if relocated workers leave, they are generally not required to pay funds back. Instead, they do not receive the full payment. The administrative costs associated with paying benefits over lengthier time periods will likely be higher than for programs that pay the benefit as a one-time lump sum.

**6. What is the ROI to the state, whether through direct tax payments or other indirect financial benefits? Could the programs be better designed to increase ROI?**

The PFM team estimates that the 2018 Program creates an estimated \$419,001 in annual state tax revenue. With a total program cost of \$500,000, the 2018 Program effectively costs the state \$80,999, returning 84 percent of the of the direct cost in new tax generation at the state level in year one. Cumulative revenues exceed program costs by year two. The 2019 Program creates an estimated \$527,089 in state tax revenue. With a total program cost of \$670,000, the 2019 Program effectively costs the state \$143,000, returning 79 percent of its direct cost in new tax generation at the state level in year one. Cumulative revenues exceed program grant costs by year two. The PFM team estimates that during year one alone, the 2018 Program returns \$93.88 in economic activity for every net dollar spent by the State of Vermont, and the 2019 Program returns \$66.26 in economic activity for every net dollar spent.<sup>69</sup>

Further, the Programs bring new households to Vermont with household incomes above the average household income in the state. The state likely receives other, indirect financial benefits as a result of the Programs. For example, while the intent of the Programs is not to be a Vermont marketing campaign, the extensive publicity the state has received increases its visibility and exposure to potential new residents and businesses.

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<sup>68</sup> For example, to be eligible for the 2018 Program, workers were required to become full-time residents of Vermont on or after January 1, 2019.

<sup>69</sup> The figure cited refers to the economic activity (output) compared with net program cost during year one.



## 7. Does credible evidence exist regarding the tangible and intangible benefits other jurisdictions have experienced in connection with recently established worker incentive programs?

Few formal studies of worker incentive programs have been completed, and evidence of the benefits is often anecdotal. However, a recently released evaluation of the Tulsa Remote Program provides preliminary evidence that such programs can be effective.<sup>70</sup>

The study estimates that the program has been responsible for bringing \$62 million of local earnings into Tulsa and spurring the creation of nearly 600 jobs in 2021 alone. As of mid-2021, Tulsa Remote participants earned a median income of \$85,000, compared to Tulsa's regional median of around \$58,000. Nearly 90 percent held a bachelor's degree, while only 32 percent of Tulsans do. Further, the Tulsa Remote program appears to be effective in encouraging participants to remain in Tulsa long-term, as 88 percent of participants stayed at least one year, and 39 percent lived in homes that they or a household member owned.

### Recommendations

Based on these findings, the following provides the PFM team's recommendations for improving the effectiveness of Vermont's programs in meeting the state's demographic challenges and workforce shortages.

- **Clarify the goals of the incentive Program(s).**

Much contention exists regarding the intent and anticipated impact of the state's worker incentive programs. For example, the stated goal of the Programs has been to assist the state in addressing demographic challenges and workforce shortages by attracting new workers. However, the scale of the programs (approximately \$2 million across the three Programs) is too small to make a meaningful impact. The state should clarify the goals of the Programs and the factors to judge their success and/or effectiveness.

- **Address the high cost of living and access to affordable housing, reliable childcare, and dependable broadband.**

The best economic development incentives include investments that benefit current and new residents. Incentives will be more effective as one element of a more holistic initiative to make Vermont's economy and recovery work for the people and businesses already there as well as well as new workers.<sup>71</sup>

As one example of how this approach could work, a recent article on the Think Vermont website provides "A Vermonter's Approach to Sustainable, Affordable Housing."<sup>72</sup> The article details how a community-minded builder with a long record of energy efficient construction partnered with the Vermont Modular Housing Innovation Project to take on a ten-home pilot project to replace homes lost to Hurricane Irene. The builder worked with state partners, including Efficiency Vermont, the High Meadows Fund and the Vermont Housing and Conservation Board to design an affordable, modular, net-zero home.

- **Offer incentives with a broad package of benefits and/or services.**

It is common for states and localities to combine additional benefits with cash relocation incentives or rebates, such as memberships to local arts and cultural organizations, to help with retention and community building. This strategy appears to be a relatively easy "lift" and often promotes activities that are representative of the jurisdiction (for example, providing a bike to new residents of northwest Arkansas, a well-known outdoor-friendly region). In addition, the PFM team heard anecdotal evidence from interviewees that suggests a possible lack of knowledge within the

<sup>70</sup> Economic Innovation Group, "How Tulsa Remote is Harnessing the Remote Work Revolution to Spur Local Economic Growth," (November 2021). Accessed electronically at <https://eig.org/wp-content/uploads/2021/11/Tulsa-Remote-Report.pdf>

<sup>71</sup> Bloomberg CityLab, "The Right Way to Rebuild Cities for Post-Pandemic Work," (April 9, 2021). Accessed electronically at <https://www.bloomberg.com/news/articles/2021-04-09/the-right-way-to-rethink-cities-for-post-covid-work?sref=ndQeXqOs>

<sup>72</sup> Think Vermont, "A Vermonter's Approach to Sustainable, Affordable Housing," (November 9, 2021). Accessed electronically at <https://thinkvermont.com/2021/11/09/a-vermonters-approach-to-sustainable-affordable-housing/>



business community regarding the full portfolio of Vermont’s economic development programs. Vermont should take advantage of opportunities to better integrate its portfolio of programs into a comprehensive recruitment tool.

- **Partner with interested entities.**

The state should partner with municipalities to help communities get “relocation ready” and ensure that local needs are being met and/or with local businesses to leverage collective funds in support of shared workforce goals.

- **Structure programs to offer more money and added flexibility.**

The state should aim to move away from the reimbursement/refund structure for relocation incentives. Instead, it could consider a structure whereby the state issues payments after new residents relocate, which increases financial predictability.

- **Refine future incentive programs to better encourage relocation to economically distressed areas.**

The state should consider restructuring incentive programs to specifically address the factors identified by incentive recipients to encourage moves to economically disadvantaged areas. These include increasing the size of the financial incentives, providing housing assistance, providing childcare assistance, establishing and facilitating community visits, aggregating information regarding community-building support programs (such as visits, introductions, connections, and events/activities), and aggregating information regarding business/work support programs.



# Appendices

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## Appendix A: Act 197, Section 1 of 2018

No. 197. An act relating to promoting remote work.  
(S.94)

It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Promoting Remote Workers and Remote Work Arrangements \* \* \*

### Sec. 1. NEW REMOTE WORKER GRANT PROGRAM

(a) As used in this section:

(1) "New remote worker" means an individual who:

- (A) is a full-time employee of a business with its domicile or primary place of business outside Vermont;
- (B) becomes a full-time resident of this State on or after January 1, 2019; and
- (C) performs the majority of his or her employment duties remotely from a home office or a co-working space located in this State.

(2) "Qualifying remote worker expenses" means actual costs a new remote worker incurs for one or more of the following that are necessary to perform his or her employment duties:

- (A) relocation to this State;
- (B) computer software and hardware;
- (C) broadband access or upgrade; and
- (D) membership in a co-working or similar space.

(b) (1) The Agency of Commerce and Community Development shall design and implement the New Remote Worker Grant Program, which shall include a simple certification process to certify new remote workers and certify qualifying expenses for a grant under this section.

(2) A new remote worker may be eligible for a grant under the Program for qualifying remote worker expenses in the amount of not more than \$5,000.00 per year, not to exceed a total of \$10,000.00 per individual new remote worker over the life of the Program.

(3) The Agency shall award grants under the Program on a first-come, first-served basis, subject to available funding, as follows:

- (A) not more than \$125,000.00 in calendar year 2019;
- (B) not more than \$250,000.00 in calendar year 2020;
- (C) not more than \$125,000.00 in calendar year 2021; and
- (D) not more than \$100,000.00 per year in each subsequent calendar year, to the extent funding remains available.

(c) The Agency shall:

(1) adopt procedures for implementing the Program;

(2) promote awareness of the Program, including through coordination with relevant trade groups and by integration into the Agency's economic development marketing campaigns; and



(3) adopt measurable goals, performance measures, and an audit strategy to assess the utilization and performance of the Program.

(d) On or before October 1, 2019, the Agency shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs concerning the implementation of this section, including:

(1) a description of the procedures adopted pursuant to subdivision (c) (1) of this section;

(2) the promotion and marketing of the Program pursuant to subdivision (c) (2) of this section; and

(3) any additional recommendations for qualifying remote worker expenses or qualifying workers that should be eligible under the Program, and any recommendations for the maximum amount of the grant.



## Appendix B: Act 80, Section 12 of 2019

### Sec. 12. NEW WORKER RELOCATION INCENTIVE PROGRAM

(a) The Agency of Commerce and Community Development shall design and implement a New Worker Relocation Incentive Program to award incentive grants to new workers as provided in this section and subject to the policies and procedures the Agency adopts to implement the Program.

(b) Incentives for new workers. A new worker may be eligible for a grant under the Program for qualifying expenses, subject to the following:

(1) A base grant for a new worker shall not exceed \$5,000.00.

(2) The Agency may award an enhanced grant, which shall not exceed \$7,500.00, for a new worker who relocates to a labor market area in this State in which:

(A) the average annual unemployment rate in the labor market area exceeds the average annual unemployment rate in the State; or

(B) the average annual wage in the State exceeds the annual average wage in the labor market area.

(c) The Agency shall:

(1) adopt procedures for implementing the Program, which shall include a simple certification process to certify new workers and qualifying expenses;

(2) promote awareness of the Program, including through coordination with relevant trade groups and by integration into the Agency's economic development marketing campaigns;

(3) award grants on a first-come, first-served basis beginning January 1, 2020, subject to available funding; and

(4) adopt measurable goals, performance measures, and an audit strategy to assess the utilization and performance of the Program

(d) On or before October 1, 2020, the Agency shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs concerning the implementation of this section, including:

(1) a description of the policies and procedures adopted to implement the Program; and

(2) the promotion and marketing of the Program.

(e) As used in this section:

(1) "New worker" means an individual who on or after January 1, 2020:

(A) becomes a full-time resident of this State;

(B) becomes a full-time employee of a business domiciled or authorized to do business in this State;

(C) (i) is employed in an occupation identified by the Department of Labor in its 2016–2026 Long Term Occupational Projections as one of the top occupations at each level of educational attainment typical for entry; or (ii) who the Agency determines should otherwise receive an incentive grant under the Program because the worker possesses exceptional education, skills, or training or due to other extraordinary circumstances; and



(D) whose gross wage for the position equals or exceeds: (i) 160 percent of the State minimum wage; or (ii) if the employer is located in a labor market area in which the average annual unemployment rate is higher than the average annual unemployment rate for the State, 140 percent of the State minimum wage.

(2) “Qualifying expenses” means the actual costs that a new worker incurs for one or more of the following:

(A) relocation expenses, which may include closing costs for a primary residence; rental security deposit; first month’s rent payment; and other expenses established in Agency guidelines; and

(B) expenses necessary for a new worker to perform his or her employment duties, including connectivity costs, specialized tools and equipment, and other expenses established in Agency guidelines.



## **Appendix C: Act No. 51, Section 2 of 2021**

Sec. 2. 10 V.S.A. § 4 is added to read:

### **§ 4. NEW RELOCATING EMPLOYEE INCENTIVES**

(a) The Agency of Commerce and Community Development shall design and implement a program to award incentive grants to relocating employees as provided in this section and subject to the policies and procedures the Agency adopts to implement the program.

(b) A relocating employee may be eligible for a grant under the program for qualifying expenses, subject to the following:

(1) A base grant shall not exceed \$5,000.00.

(2) The Agency may award an enhanced grant, which shall not exceed \$7,500.00, for a relocating employee who becomes a resident in a labor market area in this State in which:

- (A) the average annual unemployment rate in the labor market area exceeds the average annual unemployment rate in the State; or
- (B) the average annual wage in the State exceeds the annual average wage in the labor market area.

(c) The Agency shall:

(1) adopt procedures for implementing the program, which shall include a simple certification process to certify relocating employees and qualifying expenses;

(2) promote awareness of the program, including through coordination with relevant trade groups and by integration into the Agency's economic development marketing campaigns;

(3) award grants to relocating employees on a first-come, first-served basis beginning on July 1, 2021, subject to available funding; and

(4) adopt measurable goals, performance measures, and an audit strategy to assess the utilization and performance of the program.

(d) On or before January 15, 2022, the Agency shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs concerning the implementation of this section, including:

(1) a description of the policies and procedures adopted to implement the program;

(2) the promotion and marketing of the program; and

(3) an analysis of the utilization and performance of the program, including the projected revenue impacts and other qualitative and quantitative returns on investment in the program based on available data and modeling.

(e) As used in this section:

(1) "Qualifying expenses" means the actual costs a relocating employee incurs for relocation expenses, which may include moving costs, closing costs for a primary residence, rental security deposit, one month's rent payment, and other relocation expenses established in Agency guidelines.



(2) “Relocating employee” means an individual who meets the following criteria:

- (A)(i) On or after July 1, 2021: (I) the individual becomes a full-time resident of this State; (II) the individual becomes a full-time employee at a Vermont location of a for-profit or nonprofit business organization domiciled or authorized to do business in this State, or of a State, municipal, or other public sector employer; (III) the individual becomes employed in one of the “Occupations with the Most Openings” identified by the Vermont Department of Labor in its “Short Term Employment Projections 2020-2022”; and (IV) the employer attests to the Agency that, after reasonable time and effort, the employer was unable to fill the employee’s position from among Vermont applicants; or (ii) on or after February 1, 2022: (I) the individual becomes a full-time resident of this State; and (II) the individual is a full-time employee of an out-of-state business and performs the majority of his or her employment duties remotely from a home office or a co-working space located in this State.
- (B) The individual receives gross salary or wages that equal or exceed the Vermont livable wage rate calculated pursuant to 2 V.S.A. § 526. (C) The individual is subject to Vermont income tax

#### Sec. 2a. ALLOCATION OF APPROPRIATION

The Agency of Commerce shall allocate the amounts appropriated in Sec. G.300(a)(20) of H. 439 as follows:

- (1) The Agency may use not more than \$480,000.00 to provide grants to new relocating employees who qualify under 10 V.S.A. § 4(e)(2)(A)(i).
- (2) The Agency may use not more than \$130,000.00 to provide grants to new relocating employees who qualify under 10 V.S.A. § 4(e)(2)(A)(ii).
- (3)(A) The Agency shall transfer not more than \$40,000.00 to the Department of Financial Regulation for the amount required to hire an independent consultant as required in Sec. 2b of this act.
- (A) If any amounts from subdivision (3)(A) of this section remain unspent upon conclusion of the study, the Agency shall divide such amounts evenly for grants pursuant to subdivisions (1) and (2) of this section.

#### Sec. 2b. NEW RELOCATING WORKERS; STUDY

(a) The Department of Financial Regulation shall contract with an independent consultant to study and report on the effectiveness of incentive programs to attract new workers and new remote workers in meeting the demographic challenges and workforce shortages that exist in Vermont.

(b) The Agency of Commerce and Community Development shall make available to the consultant any data and information necessary to assess the administration and outcomes of the programs created in 2018 Acts and Resolves No. 197, Sec. 1, as amended by 2019 Acts and Resolves No. 80, Sec. 15 (New Remote Worker Grant Program); in 2019 Acts and Resolves No. 80, Sec. 12 (New Worker Relocation Incentive Program); and the new relocating employee program created by this act in 10 V.S.A. § 4.

(c) On or before December 15, 2021, the Department shall deliver a final report and any recommendations for legislative action to the House Committees on Commerce and Economic Development and on Appropriations and the Senate Committees on Economic Development, Housing and General Affairs and on Appropriations.



## Appendix D: Information Request

1. Utilization data for each incentive, including:
  - a. Value of grants issued, by year
  - b. Number of grants issued, by year
  - c. Data or information demonstrating demand for the grants beyond available funding levels
  - d. Expense categories of grants issued
  - e. Demographic data of grantees
  - f. Relocation dates of grantees
  - g. The occupations of grantees (preferably SOC codes)
  - h. The industries within which grantees work (preferably NAICS codes)
  - i. Copies of the applications and/or reimbursement forms for each incentive
2. Detailed grant recipient survey data
  - a. Copy of survey questions
  - b. All responses collected via survey
  - c. Data demonstrating how many grantees received the survey, and how many completed it
3. Any internal procedures manuals or guidelines (beyond what is on the website)
4. Any formal or informal reports, analyses or audits of the incentives
  - a. We have obtained the Vermont State Auditor's "Report to the Governor, the Legislature, and the Agency of Commerce and Community Development" (November 8, 2019) so it is not necessary to pass this particular report along



## Appendix E: PFM Team Grantee Survey Questions

1. Which Vermont worker grant did you receive?
  - a. Vermont New Remote Worker Grant
  - b. Vermont New Worker Relocation Incentive Grant
2. In what month and year did you receive your grant from the State of Vermont? Please provide in MM/YY format.
3. What was the dollar amount of your grant?
4. In what city/town and state do you currently reside? If different from when you first applied for/received the Vermont grant, please indicate.
5. Do you currently rent or own your residence? If different from when you first applied for/received the Vermont grant, please indicate.
6. How many people currently live in your household (including yourself)?
7. For each person currently living in your household (including yourself), please indicate the number of years this person lived in Vermont before YOU relocated to Vermont.
  - a. Less than one year
  - b. 1-5 years
  - c. More than 5 years
  - d. Person did not live in Vermont before I relocated to Vermont
8. Please provide the age of each person currently living in your household (including yourself).
  - a. Under 18 years
  - b. 18-24 years
  - c. 25-44 years
  - d. 45-64 years
  - e. 65 years and over
9. Please provide the education level of each person currently living in your household (including yourself).
  - a. Less than high school graduate
  - b. High school graduate (includes equivalency)
  - c. Some college or associate's degree
  - d. Bachelor's degree
  - e. Graduate or professional degree or higher
10. Please provide the occupation of each person currently living in your household (including yourself).
11. Please provide the annual salary/wage range for each person currently living in your household (including yourself).
  - a. Less than \$10,000
  - b. \$10,000 to \$49,999
  - c. \$50,000 to \$99,999
  - d. \$100,000 or more
  - e. Not applicable



12. Had you ever done any of the following in Vermont prior to becoming a resident of the State? Select all that apply.
- Attended a secondary or post-secondary school?
  - Worked in Vermont for a Vermont-based employer?
  - Worked in Vermont for an employer not based in Vermont?
  - Vacationed?
  - Visited family?
  - Been a resident (previously)?
13. What factors, if any, previously prevented you from moving to Vermont? Select all that apply.
- Cost of living in Vermont (tax burden/cost burden)
  - Lack of affordable housing
  - Cost of moving to Vermont
  - Lack of work opportunities
  - Concern over broadband or cellular service cost, quality and/or access
  - Lack of access to community/cultural amenities
  - Limited access to quality education
  - No previous connection to Vermont/did not know anyone/lack of existing network
  - No factors previously prevented me from moving to Vermont
  - Other (please specify)
14. What other locations, if any, were you considering when you decided to relocate to Vermont? Please provide the name of the city/town and state.
15. Please rate the importance of each of the following factors in influencing your decision to relocate to Vermont (1 = Not Important; 2 = Minimally Important; 3 = Neutral; 4 = Somewhat Important; 5 = Very Important).
- I pursued a job opportunity
  - I relocated with someone who was pursuing a job or other opportunity
  - I had an existing connection to Vermont
  - Vermont offers great educational opportunities
  - Vermont is a safe place to live and raise a family
  - Vermont provides access to outdoor recreation and nature
  - Vermont provides access to community/cultural amenities
  - Vermont awarded me a grant incentive to relocate
  - I received other financial incentives to relocate (local government incentive, employer incentive, etc.)
16. In your opinion, which of the following programs or offerings would, if provided, be most effective in encouraging you or others to relocate to economically disadvantaged areas of Vermont (i.e., areas with higher-than-state-average unemployment rates or lower-than-state-average annual wages)? Select all that at apply.
- Offering more money as part of the worker grants
  - Providing housing assistance
  - Providing childcare assistance
  - Organizing visits intended to help you/others get to know Vermont, its residents and communities
  - Aggregating information regarding community-building support programs (visits, introductions, connections, events/activities, etc.)
  - Aggregating information regarding business/work support programs (co-working spaces, networking, business/career development support, etc.)
  - Other (please specify)
17. If you received a relocation grant, are you satisfied in your new community? Are you happy, unhappy, thriving, struggling, etc.?



18. If you received a relocation grant, what, if any, additional resources would be helpful for you as a new resident settling into your new community?
19. If you have any feedback regarding the grant application process, please share it below.
20. If there is any additional information you wish to provide regarding your perspective of the effectiveness of Vermont's worker grants, please share it below.



## **Appendix F: Vermont ACCD Economic Development Funding and Incentive Programs (Select Examples)**

- Barn Preservation Grants
- Brownfields Revitalization Fund
- Capital Investment Grant
- Certified Local Governments
- Charitable Housing Investment Tax Credit
- Crowdfunding/Small Business Offering Exemption
- Downtown Transportation Fund
- Electric Vehicle Supply Equipment Grants
- Export Trade Show Grants
- Historic Preservation Grants
- Investment Capital
- Municipal Planning Grants
- Newport Development Fund
- Northern Border Regional Commission Grants
- Opportunity Zones
- Regional Marketing and Recruitment Grants
- Vermont Community Development Program
- Vermont Employment Growth Incentive
- Vermont Global Trade Partnership
- Vermont Training Program
- Windham County Economic Development Program

*Source: ACCD*



## Appendix G: IMPLAN Economic Impact Methodology

The economic impact methodology utilized to determine the multiplier effects is IMPLAN (IMpact Analysis for PLANning), a proprietary model; PFM has obtained a license for use of the IMPLAN model for these evaluations.

IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions taking place in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes and unemployment benefits.

### Multipliers

SAMs can be constructed to show the effects of a given change on the economy of interest. These are called Multiplier Models. Multiplier Models study the impacts of a user-specified change in the chosen economy for 440 different industries. Because the Multiplier Models are built directly from the region-specific SAMs, they will reflect the region's unique structure and trade situation.

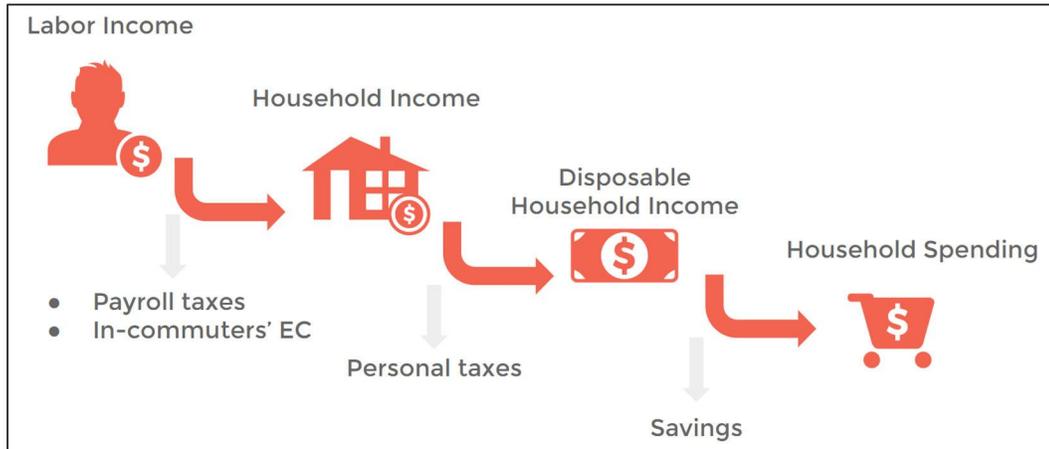
Multiplier models are the framework for building impact analysis questions. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects: **direct, indirect, and induced (each described below)**.

- **Direct effects** are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator or the taxi fare paid for transportation while in town are examples of direct effects.
- **Indirect effects** are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services. The taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic output of other local merchants.
- **Induced effects** are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which increased income is spent in the local economy.

A multiplier reflects the interaction between different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, all other sectors produce an additional \$400 in output. The larger the multiplier, the greater the impact will be in the regional economy.



The benefits of the 2018 and 2019 Programs flow directly to households, not to the businesses where grant recipients are employed. Because the grants affect only household income and not wages, there is no direct or indirect business activity associated with Program payments. As a result, the estimated economic impacts of the Programs reflect only the induced impacts derived from new household spending and new taxes paid by those households which are determined to have relocated to Vermont as a result of the Programs. The following figure illustrates the relationship between types of income.



Source: IMPLAN



**Appendix H: State of Vermont Short Term Employment Projections, Occupations with the Most Openings (2020-2022)**

Occupation	
1	Cashiers
2	Fast Food and Counter Workers
3	Home Health and Personal Care Aides
4	Retail Salespersons
5	Waiters and Waitresses
6	Janitors and Cleaners, Except Maids and Housekeeping Cleaners
7	Bookkeeping, Accounting and Auditing Clerks
8	Customer Service Representatives
9	Secretaries and Administrative Assistants, Except Legal, Medical and Executive
10	Farmers, Ranchers and Other Agricultural Managers
11	Teaching Assistants, Except Postsecondary
12	Landscaping and Groundskeeping Workers
13	Maids and Housekeeping Cleaners
14	Stockers and Order Fillers
15	Carpenters
16	Cooks, Restaurant
17	Social and Human Service Assistants
18	Laborers and Freight, Stock and Material Movers, Hand
19	Childcare Workers
20	Registered Nurses
21	General and Operations Managers
22	Bartenders
23	Heavy and Tractor-Trailer Truck Drivers
24	Nursing Assistants
25	First-Line Supervisors of Retail Sales Workers
26	Receptionists and Information Clerks
27	Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity
28	Elementary School Teachers, Except Special Education
29	Maintenance and Repair Workers, General
30	Accountants and Auditors
31	Construction Laborers
32	Coaches and Scouts
33	Light Truck or Delivery Services Drivers
34	Recreation Workers
35	Substitute Teachers, Short-Term
36	First-Line Supervisors of Food Preparation and Serving Workers
37	Compliance Officers
38	First-Line Supervisors of Office and Administrative Support Workers
39	Amusement and Recreation Attendants
40	Hotel, Motel and Resort Desk Clerks
41	Secondary School Teachers, Except Special and Career/Technical Education
42	Dining Room and Cafeteria Attendants and Bartender Helpers
43	Dishwashers
44	Fitness Trainers and Aerobics Instructors
45	Farmworkers and Laborers, Crop, Nursery and Greenhouse
46	Medical Secretaries



<b>Occupation</b>	
47	Hosts and Hostesses, Restaurant, Lounge and Coffee Shop
48	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products
49	Substance Abuse, Behavioral Disorder and Mental Health Counselors
50	Farmworkers, Farm, Ranch and Aquacultural Animals

Source: Vermont Department of Labor



## Appendix I: Summary of Comparable Programs in Other Jurisdictions

State/Local	Location	Program Name	Details
State	Alaska	Alaska Permanent Fund Dividend	Residents living in Alaska for at least one year are paid to remain permanent residents.
State	Arizona	Back to Work Plan	\$2,000 for FT and \$1,000 for PT. Must find work for 10 weeks and earn up to \$25/hour or \$52,000.
State	Colorado	Jumpstart Incentive	Awards between \$1,200 and \$1,600. Must find FT work for a minimum of 8 weeks.
State	Colorado	Aircraft Manufacturer New Employee Credit	Provides eligible businesses in a designated Aviation Deelopment Zone an income tax credit equivalent to \$1,200 for each new employee hired.
State	Connecticut	Back to Work CT	Awards of \$1,000. Open to first 10,000 people.
State	Georgia	Jobs Tax Credit	Jobs Tax Credit was previously provided for any organization engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, research and development or services for the elderly and persons with disabilities. Now allows certain telecommuting employees to qualify for Jobs Tax Credit - but for tax years 2020 and 2021 only. Remote or telecommuting employee must still meet other program requirement for wages, hours worked and health insurance.
State	Hawaii	Movers & Shakas Program	Free roundtrip ticket to Hawaii; facilitated accommodations; authentic local experiences; free coworking space; educational and social programs to get new residents acquainted.
State	Idaho	Return to Work Initiative	\$1,500 for FT and \$750 for PT. Funds available on a first-come, first-served basis. 10,000 awards sought for employees of nearly 2,000 Idaho businesses.
State	Kansas	Multiple	Department of Commerce policies were revised in 2021 to include work-from-home employees in State incentive programs, including its two most utilized programs: Promoting Employment Across Kansas and the High-Performance Incentive Program. In addition to meeting the standard wage and health care requirements, a remote worker must also appear on Kansas Department of Labor reports, work a minimum of 20 hours per week and have at least 50 percent of income tied to work completed on behalf of a project facility located in Kansas.
State	Kansas	Rural Opportunity Zones	Kansas has 95 counties designated as “rural opportunity zones” which means the counties offer financial incentives for new full-time residents.
State	Kentucky	Back to Work Initiative	Provides \$1,500. Must complete at least 120 hours of work over a predetermined period of roughly 6 weeks. Incentive paid to first 15,000 who qualify.
State	Maine	Back to Work Grant	\$1,500 for FT and \$750 for PT. Must accept a FT or PT job that pays less than \$25/hour and remain in the job for at least 8 consecutive weeks.
State	Maine	Opportunity Maine Tax Credit	Helps recent college graduates working in the state by subtracting the amount these workers pay in student loans from what they owe in state income tax.



State/ Local	Location	Program Name	Details
State	Michigan	Tri-Share Child Care Program	Adopts an innovative approach to increasing access to high quality, affordable childcare for working families, while also helping to retain talent and removing one major barrier to employment. Under the program, the cost of childcare is shared equally by an eligible employer and the State, with coordination being provided regionally by a facilitator hub. Funded with \$1 million appropriation in the FY2021 budget, program will operate initially in 3 regions of the State.
State	Montana	Return-to-Work Bonus Initiative	Awards are \$1,200. Must complete 4 weeks of paid work.
State	New Hampshire	Summer Stipend	\$1,000 for FT and \$500 for PT. Must return to work for 8 weeks at a job that pays \$25/hour or less. Awarded on a first-come, first-served basis.
State	New Jersey	Return to Earn	\$500. Businesses must have 100 or fewer employees, and positions must be FT and pay at least \$15 per hour. Subsidies cover half of new employee wages for six months. Employers are eligible for wage reimbursements up to \$10,000 if they hire and train workers with skills gaps.
State	Ohio	Job Creation Tax Credit	Initially provided a refundable tax credit against commercial activity tax liability. Amount of credit calculated as a percent of newly created payroll. Beginning with reporting periods after calendar year 2020, taxpayers can now include payroll of certain employees.
State	Oklahoma	Return to Work Incentive	Provides \$1,200. Must work 32 hours a week or more for 6 weeks with the same employer. Open to the first 20,000 individuals.
State	Utah	Rural Employment Expansion Program	Would offer grants of \$4,000-\$6,000 per new full-time equivalent (FTE) in counties with average wages at or below the state average. The grant per business entity would be capped at \$25,000 per year.
State	Virginia	Multiple	Changed statutory language defining which jobs incentives recipients may count under its major economic development incentive programs.
State	West Virginia	Ascend	\$12,000 in relocation assistance (\$10,000 in monthly payments for the first year; \$2,000 for the second year)
Local	Baltimore (MD)	Buying Into Baltimore	\$5,000 for a down payment on a house in the form of a 5-year loan that is forgiven at the pace of \$1,000 per year. Must buy with a fixed-rate mortgage (cash deals and adjustable rate mortgaged do not qualify)
Local	Bemidji (MN)	Greater Bemidji 218 Relocation Incentive Package	Created to encourage professionals interested in moving to the Bemidji area to "choose their lifestyle and take the leap." Packages include up to \$2,500 in reimbursed moving expenses and/or qualifying telecommuter expenses not already covered by employer/company including gigabit internet service; one-year membership to the LaunchPad co-working space, free access to a Community Concierge Program, telework support and tools, and membership to the local Chamber of Commerce.



State/ Local	Location	Program Name	Details
Local	Chattanooga (TN)	Geek Move Program	Offers eligible tech professionals a \$1,250 reimbursement in relocation expenses and \$10,000 cash toward a mortgage.
Local	Fond du Lac County (WI)	Worker Relocation Incentive	50% reimbursement to employers that offer relocation bonuses, between \$4,000 and \$65,000 (depending on annual wages and homeownership status). Businesses fully pay the bonuses up front before receiving a 50% reimbursement. Annual cap is \$300,000.
Local	Greensboro (NC)	Boomerang Greensboro	Connects former residents to "Greensboro Gurus," locals who provide concierge services and help find jobs, homes, schools and other necessities of day-to-day life.
Local	Lexington (KY)	To Be Determined	City is considering a proposal that would use \$3.4 million in city money to lure up to 200 high-wage remote workers to the area over two years. Of the total, \$2 million would be set aside for workers, and the remaining \$1.4 million would go to overhead (such as staff, remote worker shared office space, a website and other marketing). Each worker would receive \$10,000 in moving allowances.
Local	Hamilton (OH)	Talent Attraction Program Scholarship	Program is designed to help recent graduates pay off student loan debt. The Hamilton Community Foundation offers up to \$10,000 (\$300/month) to college grads who do not currently live in the city looking to relocate or to anyone who graduated from a science, tech, engineering, arts or mathematics (STEAM) program in the past seven years.
Local	New Haven (CT)	ReNew Haven Initiative	Provides multiple incentives, including: (a) up to \$10,000 in interest-free loans to new homeowners (down payment assistance); and (b) up to \$30,000 to make energy saving upgrades to homes. Loans are 100 percent forgivable if residents remain a certain length of time. In addition, the New Haven Promise will cover in-state college tuition for students who graduate from New Haven Public Schools.
Local	Newton (IA)	Call Newton Home Initiative	Pays \$5,000 or \$10,000, depending on value of home purchased. Also includes a welcome package (valued at more than \$3,000) featuring gift cards for local art classes, photography sessions, pool passes, YMCA memberships and more.
Local	Northwest Arkansas	Life Works Here Initiative	\$10,000 plus a street or mountain bike or annual membership to local arts and cultural institution. Must be 24 years+ and able to relocate within 6 months. Must have at least 2 years of work experience and must buy home or sign lease.
Local	Paducah (KY)	Remote Workers Incentive Program	For relocation expenses, up to \$2,500. For internet, up to \$70/month for 12 months. Includes waiver of 2% payroll tax for 12 months plus tickets/passes, training, memberships and/or experiences to cultural and educational institutions. Must be 21 years + and live at least 100 miles outside of City at time of application. Employers must attest employee can perform majority



State/Local	Location	Program Name	Details
			of duties remotely from a home office or co-working space inside City limits. Must relocate within 3 months. Must agree to retain primary residence in City for at least 1 year beyond initial 1 year program.
Local	Savannah/Chatham County (GA)	Technology Workforce Incentive	Targets remote tech workers in particular. Employees can apply for reimbursement of moving expenses up to \$2,000 after relocating to Chatham County. Must have 3 years of verifiable work experience with a remote tech employer located at least 60 miles from Savannah City Hall. Must agree to stay in Chatham County for a minimum of two years and provide a signed one-year lease or purchase a property. Must have resided in the County for at least 30 days before applying.
Local	Shoals Region (AL)	Remote Shoals	\$10,000 in cash. 25% provided up-front to cover moving expenses; 25% after 6 months; final 50% after one year. Showcases relatively low cost of homeownership and tax burden, along with mild weather. Must be 18 and able to work in the U.S. Must be FT, remote employee with a company based outside of Colbert and Lauderdale counties; must move to the Shoals within 6 months of selection. Must have minimum annual income of \$52,000.
Local	Southwest Michigan Region (MI)	Move to Michigan	Encourages and incentivizes workers from Chicago to move to Southwest Michigan, including up to \$15,000 toward the purchase of a new home (in specific zip codes) in the form of a forgivable grant, a First Choice Community Tour, and the choice of over \$5,000 in additional perks to enjoy for the first year. Such perks include (but are not limited to): car service to and from regional airports for one year, annual memberships to a variety of organizations and clubs, and an annual pass to local parks and beaches.
Local	Topeka/Shawnee County (KS)	Choose Topeka	For relocating workers, program pays up to \$15,000 toward a home purchase or \$10,000 for rent. Remote workers can receive \$10,000 toward a home purchase or \$5,000 toward rent.
Local	Tucson (AZ)	Remote Tucson	\$1,000 cash plus Airbnb credits, complimentary hotel stays, discounts on local co-working spaces, a year of free internet, real estate services and access to networking groups.
Local	Tulsa (OK)	Tulsa Remote	Provides a \$10,000 grant to relocate. In addition to the cash, members are also a part of a robust community and support network to help immerse them into their new city. Members receive a free one-year membership to Tulsa's premier co-working space, along with access to countless social, networking, service and other community events - exposing newcomers to top local organizations and establishments. Must be 18 years+ and must move to Tulsa within 1 year if selected.