

**Summary reference for the Agency of Commerce and Community Development
FY15 Budget submittal**

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**DEPARTMENT OF ECONOMIC DEVELOPMENT (DED)
FISCAL YEAR 2015 BUDGET
STRATEGIC OVERVIEW AND PROGRAM PERFORMANCE NARRATIVE**

STRATEGIC OVERVIEW

1. Mission

The mission of the Department of Economic Development is to improve the economic well being of Vermonters by helping to increase jobs and opportunities, create a robust workforce, improve wages and encourage business start-ups, growth and expansion.

We accomplish this through a variety of economic development programs with the goals of:

- leading a coordinated, statewide effort to foster the growth of more jobs and higher quality jobs that will develop a more vital, resilient and diverse economy
- supporting existing businesses and encouraging and facilitating their expansion
- recruiting new employers and new employees to the state
- improving the Vermont workforce through access to training
- connecting businesses to new markets here and abroad
- attracting financing and connecting businesses with financial needs to potential providers
- nurturing a culture of entrepreneurship and innovation that will stimulate the economy

2. Population Served

We serve all of Vermont as the department touches on key elements important to all residents – employment, business development, vibrant communities, and quality of life, work and place. We serve, support and work with many partners to implement our mission including Vermont businesses, entrepreneurs, municipalities, economic and community development organizations, out-of-state and international businesses for recruitment, low and moderate-income Vermonters, institutions of higher learning, local and federal partners, lending institutions and capital managers.

3. Outcomes and Measures

The FY12 Budget bill (Section E.800.2) asked the Secretary of ACCD to study and report on whether a separate Department of Economic Development should be created within the Agency. The Secretary concluded that it should be and Governor Shumlin issued an executive order which rescinded Executive Order (EO # 1-09) merging the Departments of Economic Development and the Departments of Housing and Community Development. This year's budget submission reflects the current structure of separate departments.

As DED moves toward the goal of presenting its budget in a results-based format within the new budget system, staff has continued to review and refine measures and outcomes to ensure programs are delivering desired results and are in line with the agency's goals. Outcomes and measures currently in place are included in the program descriptions that follow.

DED's programs help the private sector create and retain quality jobs and strengthen the competitiveness of Vermont's businesses and the overall economy. Much of this support is delivered through specialized programs that provide solutions to business challenges. These programs include business support, financial services, procurement technical assistance, international trade, the Vermont Employment Growth Incentive, workforce training, networking, creative economy and education.

A. Business Support and Retention: The staff working in these areas focuses on assisting new or existing Vermont companies; training our workforce; business retention, expansion and recruitment, international trade assistance, and administering grant programs.. Business assistance is rendered in a wide variety of areas including, but not limited to, obtaining government contracts, real estate, permitting assistance, workforce training, and financing.

Retention and Expansion: DED's retention and expansion program assists new and expanding companies that operate in Vermont with facility site relocation and/or expansion support, financing and marketing information, entrepreneurship, state permits and regulation information, and workforce training initiatives. We have also dedicated one of our two staff in this area to supporting the forest products industry and businesses that rely on working lands.

The measures of this program include interactions with businesses and individuals seeking technical assistance including onsite visits, web inquiries, email, meetings and telephone calls. Assistance requires counseling to the business to determine the eligibility for and the nature of appropriate programs and services to assist the company and making direct referrals to the best resources to help the business pursue opportunities or deal with challenges.

FY13

Onsite Visits - 87

Other Interactions (web, email, meetings, phone) - 345

FY14 (YTD)

Onsite Visits - 42

Other Interactions - 180

Many of these interactions resulted in referrals to programs and resources including the Vermont Training Program, the Procurement Technical Assistance Center (PTAC), the Vermont Global Trade Partnership, VEGI, VEDA, EB-5 Regional Center, DED recruitment team, other state departments and agencies, Efficiency Vermont, Vermont Small Business Development Center, Vermont Small Business Administration, USDA Rural Development, the Regional Development Corporations and other programs as appropriate.

Some examples of the retention/expansion successes during FY 2013:

Freedom Foods, Randolph – 24 jobs

Logic Supply, South Burlington – 30 new jobs

Biotek Instruments, Winooski – 50 new jobs

Dealer.com, Burlington – 200 new jobs

Recruitment: DED works to attract business to start-up, relocate and/or expand to Vermont. While we do not have a dedicated staff, all the department works as a team to focus on increasing national perception and awareness of Vermont as a competitive location for a business to operate. As part of this strategy, various industry sectors and markets, such as environmental technology, aviation, specialty foods, and information technology, have been selected as being of specific benefit to the State. Recruitment marketing tactics are focused on enhancing Vermont's image as a business friendly state offering viable economic incentives and other competitive advantages such as our educated workforce, geographic proximity to major markets, and recognized quality of life. We actively market our applicable financial incentives, specifically Vermont Employment Growth Incentive (VEGI), VT Training Program (VTP), and VT Economic Development Authority (VEDA), as well as Vermont's unique position as a regional EB-5 center. Historically, Vermont targets prospects in small to midsize operations, from 20 to 400 employees, which complements the State's small scale and labor force. Increasingly, we are focusing our recruiting efforts on Canadian and other foreign prospects.

Companies that established operations in Vermont during FY 2013 include:

Farmer Mold and Machine, relocation from Florida

Partnership with Regional Development Corporations: The Department provides contracts to the state's 12 Regional Development Corporations (RDC's). These organizations are part of the economic delivery system for the state and all areas of the state are served. The RDC's are independent, non-profit corporations that provide assistance to Vermont businesses with expansion, start-up and relocation to Vermont. They are the "eyes and ears" for the Agency on key issues and opportunities around the state. Each RDC leverages the state dollars with other private and/or public dollars from local communities to fund their operations. The regional network is critical as the needs of the various regions around the state vary depending on the needs of the regional economy. The RDC's are staffed by professionals and directed by independent boards of directors.

In FY13 and the first half of FY14 RDCS collectively helped to host regional job fairs, education-to-career events, coordination of employee and adult training opportunities, skills and workforce assessment surveys, and manufacturing training and open houses (see attachment A). Each was also key in providing leads and helping in recruiting efforts of new businesses. Going forward, the best practices will be shared and established as additional goals for all RDCs.

DED has a performance based contract with each of the RDC's and annually they report to the Agency on outcomes and activities. We now have operational goals which represent the programs and services expected for each RDC by the Agency.

Examples of the operational goals for each RDC include: NOTE: this is *not* a complete list

- Goal: RDC maintains strong, collaborative relationships with all partners locally, regionally and statewide:
 - Attends monthly RDC meetings with the state.
 - Meets regularly with the workforce development entity to identify issues and share information
- Goal: Business support: Develops and maintains strong relationship with key employers and businesses. Also provide services that add value and support the strengthening and growth of new existing businesses;
 - Conducts 50 visits with existing businesses to build relationships with those employers and make appropriate referrals to state and other programs.
 - Maintains an inventory of available sites and buildings on the state web site
- Goal: Communications: Businesses as well as state and local officials know who we are and what we do. Also, RDC is able to learn from businesses what they need to succeed.
 - Conducts at least one face to face meeting with the governing bodies of key municipalities in your region. Has at least one contact with the governing bodies of all municipalities.

B. Vermont Economic Progress Council (VEPC): VEPC is an independent body that receives administrative support from the Agency and is governed by an eleven-member board, nine members appointed by the governor and two by the legislature. VEPC administers the application and authorization process for two programs: The Vermont Employment Growth Incentive (VEGI) program (including the Enhanced VEGI for Environmental Technology companies) and the Tax Increment Financing District program. Additionally, VEPC now conducts monitoring and oversight of the existing TIF Districts.

Performance measures for the VEGI program:

Application Volume (Calendar 2007-2013):

Total Application Volume:	71
Total Active Projects:	37
Total Net Incentives Authorized:	\$34 Million (Earned 2007-2016)

Estimate of Total Projected Direct and Indirect Economic Activity Because of Program 2007-2016

Total Full-time Job Creation (Direct and Indirect):	6,145
Total FT Qualifying Jobs	3,090
Total FT Non-Qualifying Jobs	227
Total Indirect Jobs	2,828
Total Retained Full Time Jobs	3,848
Total Qualifying Full Time Payroll:	\$145 million
Weighted Average Wage (Full time jobs)	\$46,867
Average Total Compensation (Full Time jobs)	\$57,541
Average Health Care Premium Paid by Employer	76%
Total Qualifying Capital Investments	\$547 million
Approximate Value of Vermont Biz-to-Biz Interaction	\$88 million/Year
Total Net Revenue Return to Vermont:	\$23 million

Projected and Actual Activity To Date 2007 - 2011

Projected New Qualifying Jobs	1,428
Actual New Qualifying Jobs	2,232
Projected New Qualifying Payroll	\$ 65 million
Actual New Qualifying Payroll	\$124 million
Projected New Capital Investments	\$181 million
Actual New Capital Investments	\$233 million
Projected Incentives Paid:	\$ 4.1 million
Actual Incentives Paid:	\$ 3.8 million
Projected Net Revenue:	\$12.3 million
Actual Net Revenue Return to Vermont:	\$17.5 million

C. Vermont Training Program (VTP): This customized training program helps Vermont’s workforce stay on top of skills required in a rapidly changing, global marketplace. It partners with employers and training providers to train Vermont's employees for the jobs of tomorrow. The VTP accomplishes this by providing performance based grants for the training of new hires and incumbent workers. Training can fall into categories such as on-the-job, classroom, or other specialized training. For the first time in FY 12 the VTP reported using newly developed Key Indicators for performance. These Key Indicators were developed in conjunction with the Vermont Department of Labor, the Vermont Joint Fiscal Office, the Vermont Workforce Development Council and stakeholders from across the state. A full report on the FY13 Key Indicators can be found on the VTP website at: <http://accd.vermont.gov/business/start/training>. Results include:

	FY12	FY13
Total Number of Employees Trained	3,861	3,857
Number of New Employees Trained	1,843	1,791
Median Wage of New Hires Trained	\$20.67	\$14.59
% Wage Change for New Hires Trained	44.4%	16.3%
Number of Incumbent Employees Trained	1,198	1,651
Median Wage of Incumbent Employees Trained	\$25.19	\$40.54
% Wage Change for Incumbent Employees Trained	6.5%	11.3%
Average Cost of Training Per Employee	\$627.30	\$349.36
Expenditures	\$2,422,016	\$1,347,518

D. Procurement Technical Assistance Center (PTAC): This nationally recognized program assists Vermont companies in securing government contracts and subcontracts, as well as, helping them through any technical issues they encounter as bidders, contractors or subcontractors. The PTAC also administers the state bid board system that not only acts for state government, but also provides a place for local and regional government, as well as local federal agencies. This system provides one source for Vermont companies to access government contract bid posting in Vermont.

In FY13 the PTAC's active client base was 814, of which 194 were new clients. We provided 1521 follow-ups which resulted in 83 Vermont companies receiving 519 contracts/subcontracts totaling \$73,822,954. The number of clients served increased by 100 in FY13 and the value of contracts nearly doubled from FY12's \$37,402,489.

E. International Trade: Programs in this area seek to attract foreign investment to Vermont projects through the federal EB-5 investor Visa program as well as assist Vermont companies in initiating or expanding international trade opportunities through the Vermont Global Trade Partnership.

Vermont EB5 Regional Center: The Vermont EB5 Regional Center continues to be highly competitive. Projects are approved only after careful analysis including but not limited to likelihood of business success; due diligence on developers'/owners' background including litigation, bankruptcy, tax liens, proven ethical standards and successful business history; independent third party economic job creation impact studies; in house expertise or outside consultants able to assist with the myriad of special visa processing requirements; a private placement offering that meets SEC, USCIS and VT state securities regulations; and the ability to attract investors via a strong marketing plan.

The VT EB-5 Regional Center is considered to be one of the top five in the country. The most significant reasons for our high level of success are: state ownership and management of the program provides investors with an added sense of security; Approved projects are owned and managed by business people who have a history of success and strong ethics; Regional Center personnel monitor projects, meet with each on a quarterly basis and act as a third party performing ongoing due diligence, and demanding correction of any potential risks or violations; personnel also possess a high level of expertise and knowledge, and offer assistance and support.

We are the only statewide regional center owned and operated by government. Other states and municipalities do own regional centers, but contract with third party for profit entities to manage their program. Recent scandals in the EB-5 program include South Dakota Regional Center. It is owned by the state, but managed via a third party for-profit entity. The South Dakota Regional Center has been under investigation by the FBI for several months. There are allegations of fraud and embezzlement that have made news headlines worldwide.

In the last year the SEC has established an EB-5 task force to investigate EB-5 investor scams and fraud. In 2013 the SEC shut down a Chicago Convention Center Regional Center and a Texas Regional Center for fraud and embezzlement. The impact is reverberating among the more than 400 approved regional centers. Each time a negative event occurs in the industry, VT's program is negatively impacted in the short term. In the long term, state ownership and management will continue to be a positive that differentiates us from the over 400 other competitors. It is now more important than ever to continue our record of success. Diligence in review of each proposed project, and regular review for approved projects is extremely

important to minimize reputational risk to the state of Vermont. Over the last year multiple covenants have been added to the Memorandum of Understanding to lower risk and strengthen program standards and enforcement.

The Vermont EB-5 model provides a proven low cost, competitive and successful program that promotes job creation, economic stimulus and a stronger statewide economy. Still, the cost and time to successfully meet USCIS and SEC standards, and market a project are significant. Investor scams, and the entry of private equity companies and national hotel chains are only increasing the costs for a project to be globally competitive. The Vermont Regional Center must increase its marketing, look for strategic partnerships with other capital programs and continue to maintain our record of success in order to attract foreign investor capital.

The announcement of several new projects in the Northeast Kingdom has generated interest among foreign investors. AnC Bio, an NEK project, had been approved in 2011, and Burke Mountain was approved in 2013. At least two other NEK projects are proposed for future consideration. Mount Snow was approved for an initial \$52M project in January, 2014 and has plans for one or two additional. There are new proposed projects in the queue for the remainder of FY14 & FY15 that are currently in the process of review but have not yet been approved to execute a Memorandum of Understanding with the Agency. Our project pipeline is robust.

The current Vermont ACCD EB-5 Regional Center projects seeking capital include:

- AnC Bio
- Burke Mountain
- Mount Snow
- Trapp Family Lodge
- Quechee Lake

Vermont Global Trade Partnership (VGTP) provides international trade related technical assistance, training, private consultation, database and marketing research, and trade show assistance to Vermont businesses to help them expand their international sales opportunities.

VGTP works with businesses on topics including NAFTA, Import and Customs regulations, International Traffic in Arms Regulations (ITAR), the Export Administration Regulations, international banking, international commercial terms (INCOTERMS), and international education. The Director of International Trade works with partners in US Customs, Dept of Commerce, the Small Business Administration, VEDA-EXIM bank, the Vermont Chamber, the VT Small Business Development Center network, the VT Training Program, the Procurement Technical Assistance Center and others in serving Vermont's international trade needs.

Performance measures for the International Trade program include:

- Executed 3 international trade training seminars over the course of the year attended by over 40 Vermont businesses.
- Assisted 90+ Vermont companies on technical assistance matters including NAFTA, ITAR, EAR, INCOTERMS, International Banking and US Customs issues.
- In addition, 48 Vermont companies were provided counselling via 80 sessions to assist with wide ranging international trade topics.

- Conducted 20+ on-site meetings with Vermont companies, provided intensive assistance regarding foreign labor law trends, international credit reports, distributor territorial issues, as well as setting up overseas offices.
- Allocated \$44,377.54 of funding via Senator Leahy International Trade Grant to support Vermont businesses exporting, including \$10,000 on export related audits, \$5,000 on export private on-site training and \$29,377.54 on international trade shows.
- Allocated \$13,050 to Education Vermont to promote educational exchanges, attract overseas students to study in Vermont. In November 2012, Education Vermont and ACCD signed an MOU with Datong High School in Shanghai, China, resulting in an active exchange program and other collaborations.
- Financially and logistically assisted 5 Vermont specialty food companies to attend SIAL Toronto; with a projected \$ 10,000 12-month export sales.
- Financially and logistically assisted 6 Vermont aerospace companies to attend Paris Air Show, with a projected \$3,275,000 in 12-month export sales.
- Financially and logistically assisted 3 Vermont Companies to attend MEDICA 2012 trade show, with a projected \$50,000 in 12-month export sales.
- Welcomed delegation visits from Spain Trade Commission, Taiwan Economy and Culture Exchange Boston office, Hong Kong Trade office, China New York Consulate, Turkey Boston Consulate and Rt Hon Mike Moore, New Zealand Ambassador to the United States.
- Issued monthly newsletters to 625 subscribers, offering topics from local international trade news to educational workshops and webinar calendars.
- In federal FY14 VGTP was awarded a Northern Border Regional Commission grant of \$164,000 to provide export training and mentoring to counties bordering Quebec.

F. Financial Services: promotes Vermont’s leading position as the top US captive insurance domicile and seeks out new and diversified opportunities in complementing financial services industries.

To market effectively to our prospective clientele, various strategies are utilized. The department partners with the Captive Insurance Division of the Department of Financial Regulation and the Vermont Captive Insurance Association whenever possible to maximize resources and effectiveness. Tactics include speaking events throughout the country through “Business Development Road Shows”, speaking at conferences, media events, trade shows, electronic newsletters, web promotion, direct marketing, networking and various other means.

- One ACCD employee recruits new companies to domicile captive insurance business in Vermont and/or set up complimentary financial service companies’ offices here.
- A second financial services position has been put in the Governor’s budget for 2015 to help insure our program maintains its leadership position in the face of new competition across the U.S. and to help expand into new markets.
- Vermont competes in a global marketplace and ranks as the third largest captive insurance domicile in the world, after Bermuda and the Cayman Islands. Nearly 40 other US states have captive insurance legislation and are actively seeking captive insurance companies, some of which are zero premium tax states or charge significantly less in premium taxes than Vermont.

- 2013 represented a particularly challenging year with Vermont fighting new threats from unintended legislative language in the Dodd-Frank Act. Despite those challenges, Vermont licensed 29 new captives.
- 2012 was a strong year in Vermont for captive insurance formation. Vermont formed more captives in 2012 than Bermuda, which is currently the world's largest domicile. Vermont is the third largest captive domicile in the world.
- The captive insurance program budget comprises special funds.

Program measures include:

- The captive insurance industry generates in excess of \$25 million in tax revenues and licensing fees to the state annually.
- In an economic impact report for tax year 2003, the captive insurance industry accounted for 1,429 full and part-time jobs, with an average salary for a full-time employee of \$52,179, a full 62% higher than the state average.
- These high paying jobs accounted for \$62.4 million in incremental income for Vermonters.

Year	New Captives	Total Captives	Premium Taxes	Licenses & Fees	Gross Written Premium
2015	30*	1074*	\$24,850,000*	\$2,120,000*	\$24,000,000,000*
2014	30*	1044*	\$23,750,000*	\$2,120,000*	\$23,000,000,000*
2013	29	1013	\$24,250,000*	\$2,120,000*	\$24,000,000,000*
2012	32	984	\$23,750,000	\$2,764,000	\$26,713,534,164
2011	41	952	\$23,987,405	\$2,487,605	\$26,666,634,251
2010	33	911	\$23,544,181	\$1,785,686	\$25,401,473,436
2009	39	878	\$23,905,735	\$2,137,569	\$77,482,060,424

*Projected figures for 2014 & 2015 (2013 data is not complete at time of printing)

G. Office of the Creative Economy (OCE): was established in FY 2012. It supports Vermont's world-class creative industries through networking, marketing, technical assistance, and research. The Office has prioritized five focal areas for support: Film and New Media, Software and Game Development, Advertising and Marketing, the Manufacturing Arts, and Arts and Cultural Organizations

Today creative enterprises throughout the state employ nearly 19,400 Vermonters – approximately 6 percent of the workforce – the equivalent of two-thirds of employment in the manufacturing sector. Arts-related businesses alone employ nearly 8,000 people across nearly 2,600 enterprises. These range from schools and regional arts councils to film, radio and television production companies. A joint report by the Vermont Technology Alliance and the Vermont Technology Council in 2012 found that the average wage at a software company in Vermont is \$65,000 – about 20 percent

higher than the median household income in Vermont. Software and technology-based companies alone bring in nearly \$300M in annual revenues to the State of Vermont.

A new director was hired in March 2013 to advance the activities of the Office. Highlights since then include:

Networking

- Sponsored 13 unique creative economy events in 7 towns (Burlington, Dover, Manchester, Rutland, Stowe, Winooski, Woodstock) that generated over \$500,000 in in-state expenditures.
- Met locally with creative economy leaders in 16 towns (Brattleboro, Burlington, Cabot, Colchester, Danville, Dover, Essex, Guilford, Manchester, Montpelier, Newport, Orleans, Springfield, St. Johnsbury, Waterbury, White River)
- Held 113 technical assistance meetings with entrepreneurs, startups, and growth-stage companies across the state

Marketing

- Produced 4 video profiles of creative ventures in Vermont (a fifth in post-production)¹
- Organized and co-hosted 4 “Pitch Vermont Life” sessions (5th scheduled for February)²
- Collaborated with the Department of Tourism and Marketing to develop and promote “Filmed in Vermont,” a film tourism map³

Research

- Released the results of its first business survey of creative enterprises
- Developed a working definition of creative industries (NAICS) and key indicators
- Released update of Vermont topline data from the crowdfunding website Kickstarter

Communication

- Wrote and published 12 pages of website content and accompanying images
- Established a monthly “roundup” newsletter now with 1,122 subscribers
- Created social media presences across Tumblr, Twitter, Facebook, and Instagram
- Earned media placements in the Times-Argus, Rutland Herald, Seven Days, Champlain Business Journal, Vermont Business Magazine, Southern Vermont Arts, The Burlington Free Press, Vermont Public Radio, and CVTV

Sample Activities

¹ View the videos at <http://www.youtube.com/user/vermontoce/videos>

² View invitation to our next pitch session at: <https://www.eventbrite.com/e/pitch-vermont-life-february-13-2013-tickets-9817695993>

³ Filmed in Vermont map:

<http://maps.google.com/maps/ms?vps=2&hl=en&ie=UTF8&oe=UTF8&msa=0&msid=210949894895074779873.0004ee85e2d0b02fa37ab>

- Served as a resource person to several Vermont Council on Rural Development “community visit” sessions at which business incubators and coworking spaces have been significant discussion items (May-Dec. 2013)
- Researched, shot, and edited five video profiles about the people, places, and products that define Vermont as a “great place to create,” including [JDK Design](#) (Burlington), [Blu-Bin](#) (Poultney), [Why We Stay](#) (Windsor), [NewsBank](#) (Chester), and [Lawrence Nowlan](#) (Windsor) during the summer (Jun.-Aug. 2013)
- At the [Champlain Maker Faire](#) (Sep. 2013), hosted tech startup panel discussion with Vermont VCs and entrepreneurs
- Sponsored the [Independent Television and Video Festival](#) (ITVFest), held in Dover for the first time (Sep. 2013). ITVFest has signed a 5-year contract to serve as Vermont’s premiere industry-facing festival
- Provided outreach and promotion for [Pathogen](#), Vermont-based game developer Birnam Wood Games’ first independently published iOS game (Oct. 2013), which reports over 9,000 downloads
- With the [Vermont Arts Council](#), co-hosted the first state-wide summit on the arts since the 1990’s, providing opening remarks and organizing discussions on games and the maker movement (Oct. 2013)
- Vermont Life Magazine has increased access to, and coverage of, creatives and their ventures as a result of OCE-organized pitching sessions held in Brattleboro, Springfield, White River, Montpelier, and St Johnsbury (Oct. 2013-Feb. 2014)
- Served as an organizing sponsor of the [Woodstock Digital Media Festival](#), which held its most successful event in its three year history (Nov. 2014), bringing the Vermont Digital Economy Project and Vermont Public Television into the event

STEM (Science, Technology, Engineering, and Math) Award -One-time Appropriation:

The STEM (Science, Technology, Engineering and Math) Award Incentive was passed in the 2011 legislative session (Act 52) as a two-year pilot program and extended in 2013 to award \$1500 annually for each year of employment for up to five years to new graduates hired by Vermont companies in eligible occupations. The program is capped at 50 awards in each year and took effect on July 1, 2011.

7/1/11 to 6/30/12	69 awards
7/1/12 to 6/30/13	24 awards
7/1/13 to 1/14/14	18 awards (<i>none denied</i>)

Total Awards to Date: 111* (10 have forfeited their eligibility)

Company Examples:

Whitetail Manufacturing, Williston; PC Construction, South Burlington; Renewable NRG Systems, Hinesburg
 Mylan Technologies, St. Albans; Bear Code, Montpelier; UTC Aerospace Systems, Vergennes; Advanced Illuminations, Rochester; Mack Molding, Arlington; Applied Research Associates, Randolph; Green Mountain Coffee Roasters, Waterbury; Vermont Electric Power Company, Rutland

The key reason for denying applications was untimely filing. Although some waivers by the Secretary were granted in the initial month of the program to allow for awareness of the program, many of the denials were from applicants hired far before the 30-day requirement in the law.

RDC'S OF VERMONT – SUMMARY - WORKFORCE DEVELOPMENT ACTIVITIES –
House Commerce, 1/23/14

RDC	How are business needs gathered?	Regional workforce initiatives	What would help?
Franklin County/FCIDC	Face to face meetings. Interface with WIB and Tech Center, inc. advisory committees. Annual manufacturers survey.	WIB is very active! Annual activities include manufacturing simulator training.	In addition to increased resources (inc VTP), more (and larger) space for training.
Green Mt/GMEDC	Face to face meetings. Employer focus groups.	Just completed a major regional skills assessment/survey.	Increased staff focused on identifying needs and facilitating solutions.
Brattleboro/BDCC	Face to face meetings and employer surveys.	Full-time Workforce Development Director within RDC. Creation of “higher ed” collaborative. Developing a “hiring inventory”.	More resources (including VTP). Ensuring that all RDC’s could have dedicated workforce personnel.
Central VT/CVEDC	Direct business visits, annual business-workforce survey and through regional workforce development board.	Annual job fair (last year, it drew 785 people) and annual business workforce survey.	More funding for WETF and reconnection between that and regional boards.
Bennington/BCIC	Regular business visits.	Career week, which includes “Southshire Challenge” and “We Make Cool Stuff” features. Other work with composites outreach.	
NE Kingdom/NVDA	Face to face visits with area businesses.		Menu of free, easily available, online training classes.
Rutland/REDC	One on one meetings with businesses.	Development of Industrial Maintenance course. Manufacturing training with Tech Center and CCV.	Additional financial support for workforce development, including VTP. Better integration of secondary schools/career counselors.

RDC'S OF VERMONT – SUMMARY - WORKFORCE DEVELOPMENT ACTIVITIES –
House Commerce, 1/23/14

Lamoille/LEDC	Business visits and coordination with WIB and Tech Center.	Involvement with curriculum development of meat cutters program.	Full rollout of Pathways program.
Addison County/ACEDC	Ongoing business visits and coordination through Development Cabinet.	Partnership with Tech Center and regional United Way on labor skills gap analysis.	Dedicated workforce development staff within RDC.
Lake Champlain Islands	Regular business visits.	Coordination of adult training opportunities through five upcoming class offerings.	Additional financial support.
Springfield/SRDC	Face to face business visits as well as regular coordination with Tech Center, WIB, DOL and Creative Workforce Solutions.	Coordination of regional Manufacturing Day, annual Employment Fair, educator internships.	Ability to have at least a part-time position focused on workforce development within RDC. Better coordination with secondary schools.

Regional Development Corporations Grant

Vendor Name	FY14 Allocation	FY15 Allocation	Increase
Addison County Economic Development	\$104,982.00	\$119,122.00	\$14,140.00
Bennington County Industrial Corp	\$104,982.00	\$119,122.00	\$14,140.00
Brattleboro Development Credit Corp	\$104,982.00	\$119,122.00	\$14,140.00
Central Vermont Economic Dev Corp	\$104,982.00	\$119,122.00	\$14,140.00
Franklin County Industrial Development	\$104,982.00	\$119,122.00	\$14,140.00
Greater Burlington Industrial Corp	\$104,982.00	\$119,122.00	\$14,140.00
Green Mountain Economic Dev Corp	\$104,982.00	\$119,122.00	\$14,140.00
Lake Champlain Islands Economic	\$67,394.00	\$76,473.00	\$9,079.00
Lamoille Economic Development Corp	\$104,982.00	\$119,122.00	\$14,140.00
Northeastern VT Development Association	\$107,742.00	\$122,256.00	\$14,514.00
Rutland Economic Development Corporation	\$104,982.00	\$119,122.00	\$14,140.00
Springfield Regional Development Corp	\$104,982.00	\$119,122.00	\$14,140.00
Total	<u>\$1,224,956.00</u>	<u>\$1,389,949.00</u>	<u>\$164,993.00</u>

**FISCAL YEAR 2015 BUDGET
DEPARTMENT PROGRAM PROFILE**

DEPARTMENT:	ECONOMIC DEVELOPMENT								
	Name and brief narrative description of program (not to exceed 2 sentences for each)	GF \$\$	TF \$\$	Spec F (incl tobacco) \$\$	Fed F \$\$	All other funds \$\$	Total funds \$\$	Authorized Positions	Amounts granted out
ECONOMIC ADMINISTRATION									
FY 2013 expenditures	Provides management and oversight for the Economic Dev. Department and all its programs. This include budgets, personnel, performance management and operations of the department and programs.	43,195					43,195	1	
FY 2014 estimated expenditures		200,816				3,900	204,716	2	
FY 2015 budget request		227,920					227,920	2	
BUSINESS SUPPORT									
FY 2013 expenditures	Assists new or expanding companies operating in Vermont through locating facilities, financing, entrepreneurship, and permit assistance by direct client interaction and partnership with the Regional Development Corporations. Develops focused marketing packages to reach specific industries/businesses in a geographic region. Administers the grant programs including Regional Development Corporations.	1,764,692			30,558		1,795,250	2	453,130
FY 2014 estimated expenditures		1,968,214			82,230		2,050,444	2	573,957
FY 2015 budget request		2,198,435			20,000		2,218,435	2	579,162
FINANCIAL SERVICES									
FY 2013 expenditures	Promotes and strengthens Vermont's top position as a U.S. captive domicile. Seeks out new and diversified opportunities within financial services.			480,350			480,350	1	60,000
FY 2014 estimated expenditures				505,350			505,350	1	
FY 2015 budget request				630,350			630,350	2	50,000
PROCUREMENT TECHNICAL ASSISTANCE CENTER									
FY 2013 expenditures	Responsible for contract bid opportunities from federal, state and local governments, and private sector organizations for VT businesses. Maintains an electronic bulletin board to promote VT business networking and to provide informational resources.	256,773			421,370		678,143	6	185,266
FY 2014 estimated expenditures		289,156			426,787		715,943	6	195,981
FY 2015 budget request		293,009			425,000		718,009	6	94,800
CREATIVE ECONOMY									
FY 2013 expenditures	Works to strengthen Vermont's economy by developing and expanding intellectual and artistic output to foster job growth, enrich our quality of life and help position Vermont for the economy of the future.	115,639					115,639	1	
FY 2014 estimated expenditures		119,387		500			119,887	1	500
FY 2015 budget request		120,668		500			121,168	1	500
INTERNATIONAL TRADE									
FY 2013 expenditures	Provides technical support and training to businesses, interfaces with various international trade components of federal government, and supports international trade missions. Administers Vermont's EB5 Regional Center to attract foreign investment to approved projects.	323,004		4,733	367,592		695,328	2	274,637
FY 2014 estimated expenditures		222,760		39,500	242,533		504,793	2	30,000
FY 2015 budget request		272,383		39,500	216,000		527,883	2	15,000

**FISCAL YEAR 2015 BUDGET
DEPARTMENT PROGRAM PROFILE**

DEPARTMENT:	ECONOMIC DEVELOPMENT								
	Name and brief narrative description of program (not to exceed 2 sentences for each)	GF \$\$	TF \$\$	Spec F (incl tobacco) \$\$	Fed F \$\$	All other funds \$\$	Total funds \$\$	Authorized Positions	Amounts granted out
VT ECONOMIC PROGRESS COUNCIL									
FY 2013 expenditures	VEPC is an independent division that is administered by a nine-member board and 24 regional representatives designated by the RDCs and the Regional Planning Commissions. VEPC administers the Economic Advancement Tax Incentive program, which offers tax incentives for companies seeking to locate or expand in Vermont, and the VT Employment Growth Incentive program.	226,793		59,410			286,202	2	
FY 2014 estimated expenditures		244,289		60,000			304,289	2	
FY 2015 budget request		220,049		60,000			280,049	2	
VERMONT TRAINING PROGRAM									
FY 2013 expenditures	The VTP promotes business expansion and relocation to Vermont by working with employers and training providers to upgrade the skills of the Vermont workforce. Provides skills training for new positions and upgrades the skills of incumbent workers.	1,164,301					1,164,301	1	1,021,686
FY 2014 estimated expenditures		1,412,033					1,412,033	1	1,307,741
FY 2015 budget request		1,412,033					1,412,033	1	1,307,741
Total Department									
	* FY 2013 expenditures	3,894,395	0	544,493	819,520	0	5,258,409	16	1,994,718
	FY 2014 estimated expenditures	4,456,655	0	605,350	751,550	3,900	5,817,455	17	2,108,179
	FY 2015 budget request	4,744,497	0	730,350	661,000	0	6,135,847	18	2,047,203
* FY2013 Expenditures are reported for DED. DED & HCD Departments were combined and are now split.									

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FY15 Budget Submittal**

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Department of Housing and Community Development (DHCD)
Fiscal Year 2015 Budget
Strategic Overview and Program Performance Narrative

STRATEGIC OVERVIEW

1. Mission

The mission of the Department of Housing and Community Development (DHCD) is to improve the lives of Vermonters and further the sustainable development of Vermont communities.

We accomplish this through a variety of economic, housing and community development programs with the goals of:

- promoting and supporting the production and preservation of housing that is affordable to all Vermonters;
- advancing vibrant communities through preservation of Vermont's historic downtowns and village centers and enhancement of Vermont's working landscape
- supporting sound land use decision making at both the local and regional level;
- helping cities and towns meet their community development goals while benefitting low and moderate-income residents;
- preserving Vermont's built and archeological heritage; and
- identifying and protecting the state's historic resources and promoting our state-owned historic sites.

2. Population Served

We serve all of Vermont as the DHCD touches on key elements important to residents – employment, business development, housing options, vibrant communities, public facilities and services, accessibility, and quality of place. We serve, support and work with many partners to implement our mission including Vermont businesses, municipalities, regional planning commissions, community development organizations, low and moderate-income Vermonters, mobile home residents and park owners, nonprofit housing organizations, downtown revitalization organizations, and post-secondary institutions of higher learning.

3. Outcomes and Measures

As DHCD moves toward the goal of presenting its budget in a results-based format within the new budget system, staff continue to review and refine measures and outcomes to ensure programs are delivering desired results and are in line with the agency's goals. Outcomes and measures currently in place are included in the program descriptions that follow.

In addition to the results produced by ongoing programs, DHCD continues to provide leadership and staff support to help Vermonters, their businesses and communities be better prepared for and able to recover from natural disasters. DHCD contributed to the recently updated State Emergency Operations Plan. Another outcome of this work is the completion of a pilot project in the Mad River Valley related to flood hazard planning with support from an Environmental Protection Agency Smart Growth Technical Assistance Grant. Also this year, DHCD secured and has begun implementation of a federal Economic Development Administration Grant to make vulnerable businesses and the infrastructure that supports them stronger in future disasters. DHCD finalized a plan for improving the disaster resilience of mobile home parks ([*Report on the Viability and Disaster Resilience of Mobile Home Ownership and Parks*](#)). Many members of the Department's staff remain focused on the administration of a significant disaster recovery grant awarded by the Department of Housing and Urban Development (HUD) through the Community Development Block Grant Program (CDBG). Outcomes range from reopening of businesses to the completions of buyouts of destroyed homes and rebuilding of municipal offices out of harm's way. Finally, DHCD is participating in a number of policy initiatives designed to make the state stronger and more resilient. A more complete account of department's Irene-related activities can be found on the "[Plan Today for Tomorrow's Flood](#)" section of our website.

PROGRAM PERFORMANCE INFORMATION

In order to provide greater information on the work of DHCD, we have provided detail on our programs, their goals, current measures and outcomes. For ease of reporting, the report has been broken into housing and community development, and historic preservation. The programs we note are in alignment with the Departmental Program Profile document also provided.

Housing and Community Development

DHCD's housing and community development programs further the agency's mission by supporting sustainable development of Vermont communities through state housing policy and programs; awards of federal Community Development Block Grants (CDBG) to municipalities; enhancing, promoting and preserving Vermont's historic resources; development of state land use policy and support for local and regional planning and delivery of programs to preserve the health of Vermont's downtowns and village centers.

Housing

Decent and affordable housing is a basic need of all Vermonters and it is a cornerstone of a viable economy and healthy communities. DHCD's role is to coordinate and oversee the implementation of the state's housing policy, facilitate collaboration among state housing agencies, serve as a resource to housing providers, and promote and support the production and preservation of housing that is affordable to all. The Department accomplishes this through its programs, staff activities and leadership of the Vermont Housing Council.

Mobile Home Park Program: The goal of this program is to ensure mobile home park residents can access their rights and achieve decent affordable mobile home housing including protection from unjustified rent increases and loss of their homes as a result of the sale or closure of a park. DHCD works to accomplish this by administering the state's mobile home park laws including completing our annual park registry, monitoring rent increases and facilitating lot rent mediation, administering the First Stop grant, and overseeing park sale and closure notifications. We also work with our fellow state agencies including the Departments of Health and Environmental Conservation to support residents and owners of troubled parks.

Measures showing that the program is meeting its goals include the percentage of parks noticed for sale or closure whose residents are ensured access to their rights. Residents of 5 out of 7 parks noticed for sale were offered a meeting and informed of their rights in 2013. Residents of the other two parks were contacted with an offer to meet if requested, and provided the information about their rights. There were no park closure notices issued in 2013. Another key measure is the difference between median lot rent increases and increases in the consumer price index. As shown in the graph below, rent increases over the last seven years have closely tracked increases in CPI.



HUD Consolidated Planning: The purpose of the HUD Consolidated Plan is to secure citizen input and develop strategies and actions in order to apply for federal formula funds for housing and community development from the U.S. Department of Housing and Urban Development to provide decent housing, assure a suitable living environment, and expand economic opportunities for Vermont’s citizens. This plan is developed every five years and then updated annually through an Action Plan. Staff is committed to meeting all HUD processes, timelines and requests for information deadlines without fail to ensure that HUD approves the Consolidated Plan and the state receives approximately \$10 million in federal funding through the CDBG, HOME, and Emergency Solutions Grants programs. This process ensures that these federal funds are used in a way that is consistent with state priorities and strategies. DHCD is now preparing for the development of the next five year plan – 2015 to 2020.

Charitable Housing Tax Credit: DHCD administers, in collaboration with the Tax Department, the charitable housing credit. The purpose of the tax credit is to encourage private investment in affordable housing in Vermont by allowing investors to receive a tax credit on their state income taxes if they invest their funds with affordable housing organizations approved by DHCD as “housing charities” at below market rates. The housing charities reinvest the funds into affordable housing projects. Because the tax credit is based on interest rates and capped at three percent of the investment this credit is extremely cost effective. Measures include the amount of investment leveraged, the amount spent on affordable housing projects and the cost to the state.

Because 2013 measures are not available until after housing charities submit their annual reports which are due on January 31, 2014, the most recent information available at this time is from 2012. Performance varies somewhat from year to year as interest rates change and because outcomes depend upon individual investors’ tax decisions. However, the credit is always based on no more than 3% of charitable investments and tax credit ‘certificates’ are capped at \$5 million. And consistently serves as a highly efficient way of leveraging private investment.

- Total amount of money invested with approved housing charities (rounded to nearest \$100): 2012: \$270,000; 2011: \$317,200; 2010: \$614,900.
- Amount disbursed by housing charities on affordable housing projects (rounded to nearest \$100): 2012: \$2,325,200; 2011: \$1,822,000; 2010: \$585,000.
- Cost to State in tax credits earned (est. to nearest \$1,000): 2012: \$23,000; 2011: \$18,000; 2010: \$17,000.

Home Investment Partnerships Program (HOME): The intent of the federal HOME Program is to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low-income and low-income families. The State of Vermont is the designated Participating Jurisdiction.

The State received \$3 million in HOME Funds in 2013. While retaining compliance and reporting responsibilities, DHCD subgrants the funds to the Vermont Housing and Conservation Board (VHCB) which administers the program. VHCB will use \$2,550,000 to fund projects creating new or rehabilitate existing affordable rental housing units throughout Vermont. A statutory set-aside directs \$450,000 of this amount to Community Housing Development Organizations (CHDO) (local housing nonprofits) for feasibility and operating costs. In the last 10 years, the CHDO's have been responsible for the development of nearly 3,000 units of affordable housing, of which 1,000 are HOME units. More than half of the HOME-assisted projects were undertaken in communities of less than 1,000 people.

The HOME program has been subject to drastic federal budget cuts and funding has declined 25% over the last two years. VHCB is able to fund fewer projects, meaning fewer Vermont households have access to apartments they can afford. The accompanying decrease in administrative funding for the program places pressure on DHCD and VHCB's budgets, particularly given the program's ongoing monitoring requirements which extend 15 to 20 years

Accomplishments during this past Program Year (period ending June 30, 2013):

- 9 CHDO's serve the entire State;
- 48 multi-family units were preserved or created;
- 26 households at <30% area median income (AMI) were housed;
- 18 households >30%/<50% AMI were housed;
- 4 households >50%/<80% AMI were housed; and
- 98 units met Energy Star Rating.

Projected Accomplishments for FY2014:

- 9 CHDO's serve the entire State;
- 35 multi-family units to be preserved and/or created;
- 15 households at <30% area median income (AMI) will be housed;
- 17 households >30%/<50% AMI will be housed;
- 3 households >50%/<80% AMI will be housed; and
- 80 units will meet Energy Star Rating.

Neighborhood Stabilization Program (NSP1 and NSP3): NSP funds were provided by the Federal Government to address the housing foreclosure crisis through acquisition and redevelopment of foreclosed, blighted and abandoned properties. These properties are brought back into use and made available to low and moderate income households. Measures include the number of units acquired, sold and made permanently affordable as well as the number of households with new homes. These are not ongoing programs. In 2009, the State received \$19.6 million in federal Neighborhood Stabilization funds to be used to buy and resell foreclosed single-family homes, multi-family

foreclosed buildings to preserve affordable housing units, and to acquire and refurbish vacant and abandoned buildings to create additional affordable housing units in targeted communities based on need.

NSP1

- **Accomplishments to date** include the acquisition of 53 single family homes, sale of 45 with permanent affordability covenants to households with an average of 76% of area median income, and another 4 under contract for re-sale; 54 units of multi-family housing has been preserved; and 34 new units have been completed and leased. The re-sale of the completed homes has generated Program Income in excess of \$6M which has afforded the additional acquisition of homes and the level of renovations to ensure long-term sustainable affordability for the new homeowners through the implementation of significant energy retrofit measures. ***The economic benefits of the work on the construction of the homes include the employment of more than 802 contractors and professional service providers totaling more than 1200 workers.*** Additionally, the resale of the homes has generated \$7,067,551 back into the economy
- **The Canal House Loan commenced repayments as of July 1, 2013.** This loan generates \$9925.14 in Program Income per month which enhances the CDBG annual allocation.
- **Accomplishments projected for FY2014** include the acquisition of 2-3 additional single family homes to stay on track to meet our goal of acquiring 57 single family homes under the HARP. We currently have 8 homes in inventory with 3 homes under construction and 5 homes are ready for marketing and sale.

NSP3

- Since the award from HUD in March 2011, 19 homes have been acquired and another 2 are under contract bringing the total to 21 under NSP3 to date with a goal of 20 before March 2014. Twelve homes have been completed and sold to new homeowners. Two are under contract for re-sale and two are currently being marketing for re-sale with 5 under construction.
- The state's five Home Ownership Centers (HOC's) play a critical role in acquiring the homes, overseeing the work of the contractors, and bringing about the re-sales with the new homeowners.
- ***The economic benefits of the work on the construction of the homes include the employment of over 209 contractors and professional service providers totaling 314 workers.*** Additionally, the resale of the homes has generated \$1,624,192 back into the economy.
- **Accomplishments projected for FY2014** include the acquisition of two additional single family homes, the sale of seven with permanent affordability covenants to households with an average of 86% of area median income, and another two under contract for re-sale. The resale of the completed homes will generate Program Income of approximately \$974,172 which will be used for the acquisition, renovation, energy retrofit and resale of additional homes to income eligible households.

Vermont Community Development Program

Vermont receives an annual allocation of Community Development Block Grant (CDBG) funds from HUD which DHCD administers through the Vermont Community Development Program. The goal of the program is to assist communities with a wide range of community, economic and housing needs through grants and loans. It is primarily intended to benefit low and moderate individuals. VCDP staff is assigned to all regions of the state and provides technical assistance to municipalities, businesses, nonprofit organizations and housing developers. Until recently, the VCDP has been funded at a level of \$7 to \$9 million annually. Like most federal housing and community development programs, however, CDBG has been the subject of budget cuts. The VCDP received \$6.6 million this year which will translate into fewer awards to communities. In response to the declining funding level, staff has decreased the number of funding rounds annually from five to three and will revisit the schedule for the upcoming year.

Applications for funding routinely exceed the amount available. A nine-member board, appointed by the Governor and staffed by DHCD makes funding recommendations to the Agency Secretary. Approved applicants receive grant awards for vital community development projects in the categories of affordable housing, economic development, public services and public facilities. VCDP funding priorities are established in the HUD Consolidated Plan for Vermont. The top priorities are affordable housing and economic development.

The VCDP captures data that clearly demonstrate outcomes for each project assisted. These include the following housing measures: total number of rental units created; total number of rental units rehabilitated; total number of owner occupied units created; total number of owner occupied units rehabilitated; number of affordable units created; number of years affordability guaranteed; percent of market rate units; number of units subsidized with project-based rental assistance; number of units Section 504 accessible; number of units occupied by elderly; number of units brought from substandard to standard condition; number of units brought into compliance with the lead safe housing rules; number of units created through conversion of nonresidential buildings; number of units qualified as Energy Star and many more housing-related measures.

Economic development project measures include total number of jobs created; total number of jobs retained; number of low and moderate jobs created; number of low and moderate jobs retained; number of jobs created with employer sponsored health care; number of jobs retained with employer sponsored health care; and many others indicators.

Measures for public service projects and public facility projects include number of persons with new access to services; number of persons with improved access to services; number of persons with service that is no longer substandard; number of persons assisted with new access to a facility or infrastructure; number of persons assisted with improved access to a facility or infrastructure; and number of persons assisted by a facility or infrastructure that is no longer substandard:

This information allows VCDP to measure the proposed and actual performance of each project and thus the performance of all VCDP grants and projects in our portfolio. In addition, VCDP also measures overall program performance by collecting and compiling program level information each year. A small sample of the results for FY 2011, FY 2012 and FY2013 are listed below.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Communities/projects receiving technical assistance:	78	98	87
Grant applications submitted:	39	33	27
Projects/grants funded:	31	27	21
Funding awarded:	\$8	\$6.7M	\$6.3M
Funding leveraged:	\$106M	\$55M	\$48M
Housing units created or preserved:	339	282	218
Jobs created or retained:	50	9	11
Persons benefiting from increased access or services:	3,492	6,388	2,749
Communities receiving urgent need or blight assistance:	0	0	1
Communities receiving grant assistance for planning:	6	3	5

	<u>Projected -FY 2014</u>	<u>Projected- FY 2015</u>
Communities/projects receiving technical assistance:	85	85
Grant applications submitted:	25	25
Projects/grants funded:	20	20
Funding awarded:	\$6.6M	\$6.5M
Funding leveraged:	\$45M	\$45M
Housing units created or preserved:	190	185
Jobs created or retained:	10	10
Persons benefiting from increased access or services:	2,500	2,500
Communities receiving urgent need or blight assistance:	1	1
Communities receiving grant assistance for planning:	5	5

As the result of a special federal appropriation in CDBG Disaster Recovery funding for states with declared disaster areas, the VCDP applied for and received an additional allocation of \$21.7 million in federal FY2012 and \$17.9 million in federal FY2013. Funding

priorities were determined by analysis of unmet disaster recovery needs, extensive meetings with stakeholders and public input. VCDP has been able to obligate over \$31 million of the CDBG Disaster Recovery funding to projects assisting a broad range of recovery activities including; housing recovery, property “buyouts,” community infrastructure repair and planning and direct business assistance through grants, loans and financial counseling. During the next fiscal year, full obligation of the remaining \$8.6 million is expected. Quarterly expenditure and accomplishment reports are submitted to HUD until all funding is expended and all projects are completed and is expected to continue through 2017. HUD requirements target 80% of these funds to Washington, Windsor and Windham Counties and at least 50% of CDBG-DR must directly benefit low and moderate income persons. Any changes to the activities, priorities, or current allocations require amendment approval to CDBG-Disaster Recovery Action Plan by HUD.

Grants Management Program

The Grants Management Division assists municipalities, developers, attorneys, consultants and program staff in complying with the federal regulations related to programs administered by the Department and other agencies and organizations. These include the Community Development Block Grant program (CDBG), Community Development Block Grant Disaster Recovery Programs (CDBG-DR1) and (CDBG-DR2), Neighborhood Stabilization Programs (NSP1 and NSP3), the HOME Investment Partnerships Program (HOME), HUD Special Purpose Grants, and Historic Preservation Grants. Compliance areas comprise Environmental Review, eligible activities, Financial Management, Single Audit, Fair Housing, Contracts, Procurement, Davis-Bacon Labor Standards, timeliness of expenditures and meeting the National Objective (beneficiaries).

The Division conducts onsite monitoring, provides technical assistance and audits the performance of grantees and developers to ensure compliance and provides agency-wide grants management oversight. It serves as the main point of contact with HUD for all the HUD programs that are incorporated in the Consolidated Plan and completes all quarterly reporting due to HUD for the NSP1 and NSP3, CDBG-DR1 and CDBG-DR2, and the Office of Budget and Management (OMB) Federal receipts and expenditures, oversees the annual reporting for the HOME Program and the Emergency Solution Grants program, and participates in the annual reporting for the CDBG program. HUD’s adoption of a new HOME Program Final Rule has meant significantly increased reporting and compliance requirements that affect VHCB as the manager of the HOME Program and the Division which has the ultimate oversight and responsibility to HUD.

The compliance requirements related to the CDBG Disaster Recovery funds are also extensive. HUD and Office of the Inspector General oversight and reporting requirements are at a level not previously experienced by the Department and its grantees. This has created additional work and responsibility for the Division which is working diligently to provide grantees with every possible tool and technical assistance to ensure the success of their programs which will, in turn, ensure the success of the state’s programs. Since last February, we have had a dedicated limited-service staff working with Disaster Recovery grantees.

The Grants Management Division is currently responsible for the oversight and reporting of over \$80 million in federal program funding, which includes \$40 million in CDBG Disaster Recovery funds; \$30 million in NSP funds; \$10 million in CDBG funds; \$3 million in HOME funds; and the program income through closeout agreements. Program income that returns to the DHCD is then used to make new VCDP grants to municipalities.

Community Planning and Revitalization (CP+R)

The Division for CP+R administers a suite of programs that work in concert to promote community planning, revitalization and new development that respects Vermont's traditional development pattern.

The team staffs the Vermont Downtown Development Board that "designates" Downtowns, Village Centers, New Town Centers, Neighborhood Development Areas, and Growth Centers and annually administers \$2 million in state grants, tax credits and sales tax reallocations that support investment in public and private infrastructure and buildings. This year through partnerships and grants, CP+R staff secured over \$1.5 million in additional funding to support communities. CP+R also administers more than \$2.5 million in state funds to the 11 regional planning commissions and approximately \$470,000 in Municipal Planning Grants to help communities plan for future growth and development, revitalize cities and towns, and help protect communities from future floods.

Vermont Downtown Program: Division staff work to strengthen downtowns and village centers through a mix of training, technical assistance and incentives for both the public and private sector projects within the designated areas, including transportation-related public improvements, tax credits for historic building rehabilitations and code improvements (ADA/sprinklers/elevators). The program has sparked downtown improvements seen across the state with upgrades to downtown amenities and infrastructure and every year the program helps property owners make long-vacant and underused buildings ADA accessible with elevators and safer with code upgrades and sprinkler systems.

The Downtown Board Members and CP&R staff actively work with other state agencies to give designated communities priority consideration for other State and Federal programs.

- Secured \$500,000 in funding from the Economic Development Administration (EDA) with \$180,000 in match, to launch the Vermont Economic Resiliency Initiative (VERI), a partnership among Agency of Natural Resources (ANR), Agency of Transportation (AOT) and the Regional Planning Commissions (RPCs) to provide analysis and recommendations to help businesses quickly bounce back from future disasters.
- Collaborated with the Environmental Protection Agency (EPA) Office of Sustainable Communities and the Federal Emergency Management Agency (FEMA) to secure a Smart Growth Technical Assistance Grant to assist Mad River Valley communities

improve their development plans, regulations, and hazard mitigation plans limit future flood damage. Using this as a pilot project, recommendations will be developed that all Vermont communities can utilize. EPA also partnered with FEMA to fund a review of state policies and programs.

- Administered \$300,000 in Housing and Community Development (HUD) Disaster Recovery funds to help 7 flood-affected communities develop action plans to prioritize and apply for funding to implement "bricks and mortar" economic recovery projects.
- Partnered with ANR to provide \$200,000 to construct electric vehicle charging stations in downtowns and won a \$400,000 grant from EPA to redevelop brownfield sites in designated downtowns.
- Developed a partnership with Forest Parks & Recreation (FP&R) and the University of Vermont (UVM) to hire and intern and apply for \$250,000 grant to support village green revitalization.
- Helped the Department of Buildings and General Services (BGS) analyze its leases to determine how well it was meeting statutory requirements to local state buildings within designated areas (results showed that BGS can do better -- and is, as evidenced by the reconstruction of the Waterbury Complex as well as the new buildings in St. Albans and Barre.
- Supported the Department of Public Safety (DPS) and the Vermont Access Board's alignment of state and federal accessibility standards that reduce the cost to re-develop multi-story historic buildings.
- Worked with AOT to provide additional grant funding priority for sidewalks and other downtown amenities.
- Launched *Strong Communities Quarterly* a newsletter to raise community awareness of Department's programs and initiatives as well as training and grant opportunities

FY13 Overview Designation Programs

- *Community Designations:* These programs focus on the revitalization of our historic downtowns and villages and help communities plan for new development. Designations include:
 - Downtown designations (24 total – 1 new designations added)
 - Village Center designations (111 total – 8 new designations added)
 - New Town Centers (3 total – no new designation added)
 - Growth Centers (6 total – no designations added)
 - Neighborhood Development Areas (new program, 2 communities pursuing designation)

This year Division implemented Act 59 that made improvements to the Downtown, Village and Vermont programs and conducted extensive stakeholder outreach (over 300 people) to develop its recommendations to improve the Growth Center program and identify incentives to support all the designation programs.

- *Transportation and Capital Improvement Fund:* Provides matching grants to municipalities in designated downtowns for transportation-related infrastructure improvements that support economic development. The program makes 6-10 awards a year, that are made based on the individual needs of each community and the quality of the proposals. Program demand remains steady over

the past several years and helps encourage ongoing municipal investment in downtown. In FY 2013 the program allocated \$304,000 to communities.

- *Historic Tax Credits:* In FY13, \$1.9m in credits supported 31 building and code improvement projects in 20 communities. Since FY 2007, the state has invested over \$13.5 million in the downtown tax credit program. During the same period, the total construction value of the program is \$186 million. Every \$1 of downtown credit leverages \$15 in outside investment.

Partnership with Regional Planning Commissions: The Division for CP+R also partners and contracts services with the 11 Regional Planning Commissions (RPCs) to deliver community planning and development services to cities and towns. The contract is performance-based and the partnership actively uses the contract as a tool to measure outcomes and continuously improve the quality and effectiveness of the RPCs. In FY13, RPC's underwent an independent review of their regional plans and are working with CP+R to improve the overall quality and consistency of the plans and assure that they met statutory requirements.

Given the limited role counties play in Vermont government, the RPCs continue to play an integral role in the state's ability to respond to Tropical Storm Irene (TSI) as buyouts continue and communities enter the redevelopment phase. The RPCs were recognized nationally for the important role they played in the response to TSI and they will continue to play a critical and growing role in the state's emergency management infrastructure.

Municipal Planning Grants: Funded through the Property Transfer Tax, in FY13 approximately \$470,000 was invested in 42 communities to help them plan for future growth and development. This year the Department implemented performance measures to track program outcomes.

Historic Preservation

The Division for Historic Preservation (DHP) helps Vermonters identify, preserve, and promote Vermont's historic resources as vibrant components of our communities. Historic resources shape Vermont's distinctive character and comprise key assets in all of Vermont's communities, including historic downtowns and village centers, historic agricultural and working landscapes, and important archeological sites spanning 12,000 years of Vermont's history. DHP's activities, excluding the State-owned Historic Sites, are partially funded by an annual grant from the National Park Service.

DHP directly supports preservation projects by listing buildings, districts, and archeological sites in the State and National Registers of Historic Places and assisting recipients of the state's Historic Preservation Grants for community buildings and Barn Grants for historic agricultural buildings. The Certified Local Government Program provides a portion of our federal funding to 14 towns to support their local preservation activities. As required under federal and state laws, the DHP also annually reviews development projects for their effect on

historic and archeological resources. In federal FY2013, DHP reviewed, directly or through a programmatic delegation process, 2,459 state and federal projects, a significant increase over previous years as a result of damage caused by Tropical Storm Irene. Staff at DHP offer historic preservation technical assistance to the general public and government partners on a regular basis. The DHP actively seeks outside grants to support special initiatives, such as the Barn Census project, funded by the National Park Service's Preserve America program. The Barn Census has compiled a statewide inventory of historic barns (3,750), with a comprehensive survey of 62 of Vermont's 251 towns and partial data collected in at least 73 additional towns. Now under the direction of the State Architectural Historian, the Barn Census database is being updated to a state server, with public interface for viewing and data entry.

The Vermont Archeology Heritage Center opened in September 2012 at the Vermont History Center in Barre, creating a collaborative relationship between the state's archaeology program and history collections. The 2,000-square foot Center provides new opportunities to interpret Vermont's archeological history in the years ahead and engage communities, educators, and students in this aspect of their heritage. In September 2013, AHC hosted 11 events for 183 participants during Vermont Archaeology Month. The AHC houses 1,600 boxes of archaeological collections recovered from hundreds of archaeological sites. DHP annually measures various aspects of its program for the National Park Service (NPS), such as the number of federal reviews conducted under Section 106 of the National Historic Preservation Act, nominations submitted to the National Register, and projects completed utilizing the federal preservation tax incentives.

Vermont currently has 14 Certified Local Government (CLG) communities. These towns choose to participate in historic preservation through a formal relationship with DHP. CLG communities are eligible to apply for federal historic preservation grants through the DHP.

The following, by which DHP measures the success of its programs, are most relevant at this time:

FEDERAL ENVIRONMENTAL REVIEWS COMPLETED	2010	2011	2012	2013
Properties meeting National Register Criteria for which a written eligibility opinion is provided	70	64	107	428
Properties not meeting national register criteria for which a written eligibility opinion is provided	21	29	136	53
Findings of "No Properties" and /or "No Effect" on which written opinions are provided	750	1122	2036	1420
Other findings of "Effect" on which written opinions are provided	178	207	4440	488
Memoranda of agreement signed	5	6	0	8
Programmatic agreements signed	2	1	1	1

Since inception, the Barn Grant Program has granted almost \$2.4 million towards the preservation of over 300 historic agricultural buildings around the state.

BARN GRANTS* Year	# of Grants Awarded	Grant Amount Awarded	Total Project Cost
2013**	19	\$240,182	\$552,697
2012	16	\$222,424	\$757,701
2011	21	\$193,907	\$598,196
2010	25	\$208,723	\$780,833
2009	19	\$154,750	\$443,762
2008	23	\$208,966	\$530,909

* In 2012, the maximum grant award available for Barn Grants was increased from \$10,000 to \$15,000.

**2014 Barn Grants will be awarded February 2014.

Since the creation of the Historic Preservation Grants in 1986, more than 500 historic buildings owned by municipalities and non-profits have received almost \$4.3 million, leveraging typically 5 times as much in non-state funds for these projects.

HISTORIC PRESERVATION GRANTS* Year	# of Grants Awarded	Grant Amount Awarded	Total Project Cost
2014	17	\$257,404	\$627,788
2013	15	\$224,225	\$615,961
2012	15	\$221,493	\$1,294,978
2011	16	\$186,193	\$463,258
2010	19	\$204,353	\$1,919,373
2009	17	\$202,340	\$608,355
2008	21	\$239,534	\$559,186

* In 2012 the maximum grant award available for Historic Preservation Grants was increased from \$15,000 to \$20,000.

Number Of New Nominations Submitted To The National Register:

NATIONAL REGISTER LISTING	Fed FY 2008	Fed FY 2009	Fed FY 2010	Fed FY 2011	Fed FY 2012	Fed FY 2013
Districts *	7	10	8	3	4	2
Buildings	11	3	3	7	6	2
Sites	0	11	1	0	0	0
Structures	4	0	0	0	0	0
Objects	0	0	0	0	0	0

* Districts are a collection of National Register listed buildings in a downtown or village or cluster of historic properties

State Historic Sites

Part of the DHP, the State-Owned Historic Sites tell stories of Vermont’s past in the places where it happened. DHP owns, maintains, interprets and operates 26 historic sites with 100 buildings and several monuments to encourage the discovery and appreciation of the state's rich heritage. Ten sites are staffed and open to the public, including the President Calvin Coolidge site in Plymouth Notch, two nationally significant Revolutionary War sites, and the Bennington Battle Monument. Revenues from ticket and gift shop sales provide approximately 42% of the sites’ budget. The DHP also owns several bridges and the Forestdale iron blast furnace as well as being custodian of all underwater sites under Vermont waters. Six historic shipwrecks are open to recreational divers as VT’s Underwater Historic Preserves. Grant funds and donations for site-specific projects support improvements to the historic sites, encouraging more visitors and enhancing their experience and appreciation of the sites.

State Fiscal Year	Attendance at State Historic Sites	Receipts from Admissions	Gift Shop Receipts
2014 **	52,900	\$ 173,046	\$ 173,099
2013	64,474	\$ 190,387	\$ 207,109
2012 *	60,408 *	\$ 159,888	\$ 171,599
2011 *	62,445 *	\$ 178,054	\$ 207,504
2010	68,766	\$ 171,310	\$ 208,299
2009	66,328	\$ 172,233	\$ 229,982
2008	68,433	\$ 158,461	\$ 229,037
2007	68,891	\$ 140,758	\$ 211,312

* These figures exclude the Chimney Point State Historic Site since it was closed in calendar years 2010 and 2011 as a result of construction of the new Lake Champlain Bridge.

** FY 2014 numbers reflect ONLY July 2013 – December 2013 (summer and fall seasons).

**FISCAL YEAR 2015 BUDGET
DEPARTMENT PROGRAM PROFILE**

DEPARTMENT:	HOUSING AND COMMUNITY DEVELOPMENT									
	Name and brief narrative description of program (not to exceed 2 sentences for each)	GF \$\$	TF \$\$	Spec F (incl tobacco) \$\$	Fed F \$\$	ARRA \$\$	All other funds \$\$	Total funds \$\$	Authorized Positions	Amounts granted out
ADMINISTRATION										
FY 2013 expenditures	Oversees the human, technical and financial resources of the Department. The Commissioner and Deputy Commissioner represent the Governor and Agency Secretary on a number of boards and commissions.	371,875			94,063			465,938	4	
FY 2014 estimated expenditures		401,110			118,335			519,445	4	
FY 2015 budget request		425,212			100,274			525,486	4	
COMMUNITY DEVELOPMENT										
FY 2013 expenditures	Administers and helps municipalities participate in the Vermont Community Development Program (federal Community Development Block Grant program) which funds over \$6 million of housing, economic development, public facility and public services projects. In FY2015, will continue to administer CDBG Disaster Recovery funding to help communities recovery from Tropical Storm Irene.	166,545		35,279	309,581			511,405	5	34,518
FY 2014 estimated expenditures		225,429		9,000	362,942			597,371	6	0
FY 2015 budget request		223,896		1,003,000	412,736			1,639,632	6	1,000,000
COMMUNITY PLANNING & REVITALIZATION										
FY 2013 expenditures	Provides training, technical assistance and funding to municipalities in support of planning, downtown revitalization and Smart Growth. Administers \$2.4M in grants, tax credits and sales tax reallocations; designation programs, municipal planning grants and funding for the 11 regional planning commissions.	371,004		2,936,676			12,400	3,320,080	5	433,038
FY 2014 estimated expenditures		415,283		3,220,454	527,068			4,162,805	6	794,438
FY 2015 budget request		448,584		3,513,632	438,237		200,000	4,600,453	6	940,440
GRANTS MANAGEMENT										
FY 2013 expenditures	Assists grantees in compliance with requirements of federal programs administered by the Agency; CDBG, Disaster Recovery, Neighborhood Stabilization Programs, HOME, and Historic Preservation grants. Responsible for monitoring compliance and reporting to HUD and OMB for federal awards in currently in excess of \$70 million.	87,376			185,075			272,450	4	
FY 2014 estimated expenditures		96,299			281,118			377,417	5	
FY 2015 budget request		114,778			362,446			477,224	5	
HISTORIC PRESERVATION										
FY 2013 expenditures	Assists people in interpreting, protecting and enhancing VT's architectural, historic and archeological resources by coordinating public and private preservation efforts and administering federal and state programs.	242,433		60	627,626		39,139	909,257	11	159,154
FY 2014 estimated expenditures		364,809		47,000	746,094		52,000	1,209,903	10	132,403
FY 2015 budget request		382,063		57,000	677,950		33,000	1,150,013	10	55,405
HOUSING										
FY 2013 expenditures	Coordinates state housing policy through Vermont Housing Council and HUD Consolidated Plan. Administers statutory requirements of the mobile home park program. Administers Charitable Housing Tax Credit. Oversees HOME and NSP programs.	113,559		58,320	208,559			380,439	1	279,489
FY 2014 estimated expenditures		187,988		58,428	274,780			521,196	2	327,500
FY 2015 budget request		182,788		58,527	264,580			505,895	2	327,500

**FISCAL YEAR 2015 BUDGET
DEPARTMENT PROGRAM PROFILE**

DEPARTMENT:	HOUSING AND COMMUNITY DEVELOPMENT									
	Name and brief narrative description of program (not to exceed 2 sentences for each)	GF \$\$	TF \$\$	Spec F (incl tobacco) \$\$	Fed F \$\$	ARRA \$\$	All other funds \$\$	Total funds \$\$	Authorized Positions	Amounts granted out
NEIGHBORHOOD STABILIZATION PROGRAM										
FY 2013 expenditures	Administers federal NSP funds for acquisition of foreclosed, blighted and abandoned properties which are redeveloped and made available to low and moderate income households.				2,391,415			2,391,415		2,388,415
FY 2014 estimated expenditures					1,200,000			1,200,000		1,200,000
FY 2015 budget request					0			0		0
HISTORIC SITES										
FY 2013 expenditures	Owns, maintains, interprets and operates 24 historic sites with 84 buildings, and 6 underwater preserves, to encourage the discovery and appreciation of the state's rich heritage. 10 Sites are staffed and open to the public.	560,983		419,641	1,240		13,415	995,279	5	0
FY 2014 estimated expenditures		575,745		419,652	0		6,800	1,002,197	5	0
FY 2015 budget request		597,147		442,200	0		32,000	1,071,347	5	0
HISTORIC SITES -SPECIAL IMPROVEMENTS										
FY 2013 expenditures	Grant funds and donations for site specific and identified projects for improvement of the historic sites to encourage increased visitation and to enhance the visitor experience at, and appreciation for, the sites.			0				0		
FY 2014 estimated expenditures				13,000				13,000		
FY 2015 budget request				13,000				13,000		
COMMUNITY DEV BLOCK GRANT										
FY 2013 expenditures	Allocates HUD resources annually to municipalities providing financial and technical assistance to address local needs and priorities in the areas of housing, economic development, and public facilities and services for persons of lower income.				4,432,150	1,269		4,433,419		4,432,150
FY 2014 estimated expenditures					6,024,135			6,024,135		6,024,135
FY 2015 budget request					5,974,489			5,974,489		5,974,489
COMMUNITY DEV BLOCK GRANT-DISASTER RECOVERY1 AND 2										
FY 2013 expenditures	Federal disaster recovery funding for housing, economic revitalization and community infrastructure.				1,945,155			1,945,155		1,945,155
FY 2014 estimated expenditures					19,425,000			19,425,000		19,425,000
FY 2015 budget request					9,000,000			9,000,000		9,000,000
DOWNTOWN TRANSP. & CAP. IMP. FUND										
FY 2013 expenditures	Matching grants to municipalities in designated downtowns for transportation-related infrastructure improvements that support economic development.			207,969				207,969	1	123,947
FY 2014 estimated expenditures				383,966				383,966	1	304,925
FY 2015 budget request				383,966				383,966	1	296,220
	Total Department									
* See Note Below	FY 2013 expenditures	1,913,775	0	3,657,944	10,194,864	1,269	64,953	15,832,805	36	9,795,866
	FY 2014 estimated expenditures	2,266,663	0	4,151,500	28,959,472	0	58,800	35,436,435	39	28,208,401
	FY 2015 budget request	2,374,468	0	5,471,325	17,230,712	0	265,000	25,341,505	39	17,594,054
	* FY2013 Expenditures are HCD only. DED & HCD Departments were combined and are now split.									

**Summary reference for the Agency of Commerce and Community Development
FY15 Budget submittal**

	Strategic Overview	Program Profile
	<u>Page #:</u>	<u>Page #:</u>
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Population Served	1	
Outcomes and Measures	2	
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Research	2	1
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<i>Cultural Heritage</i>	6	
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**DEPARTMENT OF TOURISM AND MARKETING (VDTM)
FISCAL YEAR 2015 BUDGET
STRATEGIC OVERVIEW/PERFORMANCE INFORMATION**

STRATEGIC OVERVIEW

1. Mission

To promote Vermont's travel, recreation, cultural and historic attractions, as well as the state's goods and services, in coordination with public and private sector partners and to market to a global audience in a manner consistent with the values and traditions of the state for the economic benefit of all Vermonters.

VDTM's key objective is to increase awareness of the Vermont brand with the goals of increasing visitation to the state and encouraging the purchase of Vermont products and services.

2. Population Served

The Vermont Department of Tourism and Marketing has four primary population groups that are served. The first is businesses in Vermont that fall under the hospitality sector. This would be hotels, resorts, inns, B&B's, attractions, and businesses that provide hospitality services. The Department of Taxes collects the Meals and Rooms tax from more than 5,000 businesses. The second group served by the Vermont Department of Tourism and Marketing is the residents of Vermont. The Department provides information services to residents informing them of activities happening around Vermont and encouraging them to participate in Vermont events, attractions, state parks, historic sites and many others. This in turn helps to support the businesses that provide these services. The third population served is the visitors to Vermont. The Department provides these visitors with information in order to help them make informed decisions about their visit to our state. In 2011, we estimate that Vermont hosted almost 14 million person trips. Vermont's tourism industry generates over \$1 billion dollars in spending and directly supports over 33,000 jobs. It is very important that we continue to cater to our out of state visitors and remain competitive as a travel destination. The fourth population served by the Vermont Department of Tourism & Marketing is businesses that produce and provide goods and services. The Vermont Department of Tourism & Marketing serves not only the tourism sector, but represents the overall brand position of Vermont. By collaborating with Vermont manufacturers and producers of products and services the Vermont Department of Tourism & Marketing is able to enhance Vermont's already powerful reputation for quality in the marketplace. This depiction trickles into many of Vermont's business sectors including agricultural and value added products, existing Vermont brands and Vermont manufactured goods.

3. Outcomes and Measures

Research:

Tourism Sector Shows Steady Growth

The upcoming study of the impact of visitor spending during 2013 will be published in November 2014. Preliminary data from Meals, Rooms and Alcohol (MRA) taxable receipts indicate that growth in that sector during 2013 will be close to six percent, well above the current 1.7 rate of inflation.

Visitor spending generates approximately 90 percent of the taxable receipts for room rentals and approximately half of the sales for meals and alcohol:

Fiscal Year Taxable Receipts: % Change 2013*/2012/2011/2010					
	Meals	Rooms	Alcohol	MRA Total	Est. Revenue
FY 2013*	\$ 887,910,091	\$ 418,240,630	\$165,261,638	\$ 1,471,412,359	\$ 134,079,728.69
FY2012	\$ 853,125,897	\$ 382,923,159	\$ 152,081,950	\$ 1,388,131,006	\$ 126,452,610.04
FY 2011	\$ 820,911,098	\$ 371,567,636	\$ 146,642,780	\$ 1,339,121,514	\$ 121,987,364.06
2013*/2012	4.08%	9.22%	8.67%	6.00%	6.03%
2013*/2011	8.16%	12.56%	12.70%	9.88%	9.91%
<i>* Preliminary</i>				<i>Source: Vermont Department of Taxes</i>	

The most recent benchmark study to measure the impact of travel and tourism on the Vermont economy during 2011 was completed in 2013 by Chmura Economics & Analytics, Inc., under contract to VDTM. The study, which is reconciled with independent economic measures, estimates that during 2011, \$1.7 billion in direct spending by visitors making 13.95 million person trips to Vermont generated \$274.5 million in tax and fee revenue to the State of Vermont.

Table 5.6: Estimated State Revenue Impact of the Tourism Industry, 2011 (\$Millions)

Fund-Component	Total Revenue	In-State Visitors	Out-of-State Visitors
General Fund:			
Personal Income Tax	\$15.70	\$3.30	\$12.40
Sales & Use Tax (@6%)	\$12.30	\$3.50	\$8.80
Rooms & Meals Tax	\$68.40	\$11.50	\$56.90
Property Transfer Tax	\$1.00	\$0.00	\$1.00
Other Taxes/Revenues	\$16.40	\$3.40	\$13.00
Total	\$113.70	\$21.70	\$92.00
Transportation Fund			
Gasoline Tax	\$20.20	\$5.10	\$15.00
Motor Vehicle Purchase & Use Tax (@6%)	\$3.40	\$0.20	\$3.20
Other Transportation Revenues	\$2.80	\$0.60	\$2.30
Total	\$26.40	\$5.90	\$20.50
Education Fund:			
Sales & Use Tax (@6%)	\$6.20	\$1.30	\$4.90
Motor Vehicle Purchase & Use Tax (@6%)	\$1.70	\$0.10	\$1.60
State Education Property Tax	\$126.50	\$0.00	\$126.50
Total	\$134.30	\$1.40	\$132.90
Total Combined Funds Revenue Impact	\$274.50	\$29.00	\$245.40
Note: NA means Not Available			
Source: Chmura Economics & Analytics			

The 2011 benchmark study shows a positive recovery from the Great Recession of 2009 with a 19.4 percent increase in visitor spending and a 37.5 percent increase in the state revenue generated by that spending. Vermont's tourism industry supported an estimated 37,910 jobs during 2011, approximately 13.1 percent of all jobs in Vermont. Recent component studies utilized in developing the benchmark report have focused on lodging establishments, Vermonters as visitors, second-home owners, and travel and tourism employees and proprietors.

Keeping on Target

While reaching out to potential first time visitors is a significant part of tourism promotion, establishing relationships with visitors that encourage and sustain repeat visitation has clearly been successful for Vermont. Our current research shows that about half the people using VermontVacation.com are repeat visitors. Information gleaned from the *Profile of the Vermont Online Visitor* and an updated study of how the Vermont Brand is perceived by visitors and potential visitors in Vermont's major U.S. and Canadian markets help target marketing to new visitors and guides communications to returning visitors. The resources at VermontVacation.com, supplemented by regular communications to the more than 77,000 e-newsletter subscribers, are key to sustaining these relationships.

Sales & Marketing:

Markets:

- Key Northeast drive/fly markets include Washington DC, New York City, Boston, Albany, Hartford/New Haven, Springfield, Philadelphia and Quebec and Ontario (especially the metropolitan areas of Montreal, Toronto and Ottawa).
- Distant domestic markets (typically air travelers) are Florida, Texas, California and Illinois.
- Overseas international markets, where we make collaborative promotions through the Discover New England consortium of the six New England states, are the United Kingdom, Germany and France.

Marketing Strategies:

In FY 2013 the Vermont Department of Tourism and Marketing brought all graphic design and media services in house. Led by VDTM's Deputy Commissioner the Department was able to hire talent and restructure the organization to develop an in house marketing team. This development has allowed the Department to redirect \$175,000 previously spent on media production services into direct advertising for the State of Vermont.

Mobile

New initiatives for FY 14/15 include mobile marketing and web development for Vermont. As consumers' use of mobile devices has grown significantly over the last 3 years, users are relying on smart phones and tablets to conduct their travel research. The Department has invested in mobile display advertising to promote Vermont as a tourism destination through this channel. The department has also worked to develop our website, vermontvacation.com and its promotional micro pages in mobile optimized formats for tablets and mobile devices.

Television Cable and Dish

Primary markets include New York City and Boston. Secondary markets include Hartford, New Haven, Providence, Springfield, Albany and Washington, D.C. Cable broadcast is purchased in high-density areas within key markets. Programming for TV and cable is targeted to reach the travel decision maker in the household. The Vermont Department of Tourism also purchased national advertising utilizing the Google Dish Network. This buy extended Vermont Tourism's reach to a national audience.

Online

VDTM continues to aggressively market Vermont online to new and repeat visitors in Montréal, New York City, Washington DC and Boston. We purchase online advertising in key markets by placing banner advertisements on high profile regional websites such as Boston.com, NewYorkTimes.com, MSNBC.com and Canada.com (Montréal Gazette). All banners drive traffic directly to VermontVacation.com. VDTM also continues to manage a robust pay-per-click campaign on both Yahoo and Google.

Online Travel Agents (OTA)

In an effort to target consumers where they are making direct travel bookings, the Vermont Department of Tourism and Marketing has developed a marketing partnership with Orbitz Worldwide. The Department ran a specific campaign in the summer of 2013 to target Washington DC consumers. The results were a 27% increase in lodging bookings.

Radio

VDTM utilizes radio broadcasting during the summer and fall media campaigns in primary markets and in our in-state resident awareness campaign. Promotions are broadcast through a variety of programming. VDTM purchases families of radio stations in primary markets that cover a broad demographic.

Print

Advertisements are placed in publications that attract readers interested in outdoor recreation, cultural heritage, unique lodging, fine dining and the Vermont experience. This media often goes beyond our key markets to reach an international audience.

Out of Home

Outdoor advertising in New York City and Boston is placed in high visibility, high income metropolitan areas to promote Vermont as an exceptional getaway destination.

Opportunistic Media

To stretch media dollars, we review last-minute opportunities with potential to deliver a strong message to key markets. This provides the opportunity for better priced remnants in print media. Our partnerships with Cabot Creamery and the Vermont Ski Areas Association and pooling of our marketing dollars, allows us to increase the frequency of television spots above what our budget would allow.

Cultural Heritage:

National research is tracking the growth in the cultural heritage tourism sector, and the news is good. More and more travelers - 118 million plus - are seeking authentic experiences that immerse them in local culture. But it's not just history they're after - they also seek out the arts, all things culinary, unique lodgings and shopping, and explorations off the beaten track. Vermont - with its historic buildings, working landscape and a myriad of leisure activities - is a perfect cultural heritage destination. And because research reports that the cultural heritage tourist tends to take more trips per year, stay longer, and spend more than the average leisure travelers, this is indeed good news.

VDTM will continue to manage statewide and regional cultural heritage tourism programs that provide visibility and promotional opportunities that increase economic benefits to Vermont businesses and organizations. With the completion of the 5-year Civil War Sesquicentennial in 2015, VDTM will be able to take on more regional cultural heritage projects. Cultural Heritage staff will work with cultural heritage tourism constituents to identify the new projects and nurture partnerships and cooperative ventures such as events, publications, promotions and thematic visitor guides. Staff will also manage selected VDTM tools and programs, including VermontVacation.com's culture, heritage, event and tour features; the Vermont Ambassador Program; and Vermont Byways marketing initiatives.

Vermont Ambassador Program

The Ambassador Program provides information and customer service training designed for front-line staff and their managers twice yearly. Instructors include industry experts from the Vermont Welcome Centers, Vermont Chamber of Commerce, state government and a number of travel, arts and recreation organizations. Individuals and businesses that fulfill a number of post-training requirements become certified Vermont Ambassadors or Vermont Ambassador Information Centers.

Marketing Partnerships

Increasing Public/Private Marketing Opportunities

Collaborative marketing with the private sector allows the state to leverage many opportunities, including television advertising, public relations initiatives, and a Vermont presence at trade and consumer shows. Relationships with Cabot Creamery and the Vermont Ski Areas Association have allowed the Department's television budget to double the state's investment.

VDTM has undertaken an aggressive media campaign throughout the northeastern United States. Our TV, radio, magazine, web and newspaper advertising has been supported by many private sector partners. Statewide event support, promotion of state historic sites, collateral development, fulfillment, the 1-800-VERMONT call center contracting, and cooperative programs with chambers of commerce and other travel related associations maximize the power of the Vermont brand in the United States and selected markets around the world.

Washington DC FY 14 Special Promotions

In FY 14 the Vermont Legislature appropriated an additional \$230,000 in advertising for Vermont to promote in the Washington DC market. Together the Department partnered with Cabot, Long Trail and Orbitz to create a multichannel advertising campaign targeting Washington DC consumers.

Long Trail Brewing

The Vermont Department of Tourism and Marketing has created a partnership specific to the Washington DC market with Long Trail Brewing. This partnership includes paid advertising, on the ground events in market IE special promotions for Vermont, unique packaging on all long trail distributed products in market and product sampling..

Cabot Creamery & Vermont Ski Areas Association

VDTM has partnered with Cabot Creamery and the Vermont Ski Areas Association to combine marketing dollars to increase the frequency of television advertising and tradeshow attendance. This collaboration has allowed us to leverage additional marketing dollars and create media relationships. These partnerships are utilized seasonally.

Results:

Bookings generated through direct marketing via www.Orbitz.com from June 2013 – Aug 2013

Room Nights + 15%
Number of Rooms + 13%
Overall bookings \$ +27%
Airline tix purchase +44.8%

Year over year comparison of bookings via www.Orbitz.com from June 2013 – Aug 2013

2012

Room Nights	13,279
Number of Rooms	7,847
Bookings	\$1,688,119

2013

Room Nights	15,256
Number of Rooms	8,840
Bookings	\$2,147,127

Year over year comparison of airline ticket purchases via www.Orbitz.com from June 2013 – Aug 2013

2012: 250 tix DCA>BTV

2013: 362 tix DCA>BTV

44.8% growth

Mount Snow Ski Area/Town of Wilmington

In the aftermath of Tropical Storm Irene VDTM developed a collaborative relationship in which the Town of Wilmington and VDTM cooperatively invested in NYC promotions particular to events taking place within the region. This campaign ran during the one year anniversary of Irene.

Southern Vermont Businesses

The Vermont Department of Tourism and Marketing has developed a strong relationship with a powerful group of Southern Vermont Businesses. In the coming year we hope to increase participation from these businesses to market in the Albany market. Currently the collaborative has allowed for the combined group to triple its investment in advertising. Current businesses involved in this partnership include the Manchester Designer Outlets, The Equinox Resort, Stratton Ski Area and Orvis.

Web/Social Media:

In addition to its Web site, VDTM communicated directly with Vermont visitors using its e-mail marketing newsletter. The newsletter supports the overall web marketing effort with interest-specific seasonal promotions. Prospective travelers visiting VermontVacation.com “opt in” to receive quarterly e-newsletters highlighting the best of Vermont and targeting their chosen interests. In addition, VDTM uses social media channels such as Facebook, Twitter, YouTube and Flickr to provide a fully interactive experience, enabling Vermont’s “fans” to comment on and recommend locations, attractions and/or events to others, help others in vacation planning. VDTM keys in on these conversations to develop Web and newsletter content of interest to potential travelers. These efforts have been recognized nationally which has brought in much earned media attention.

Today the Vermont Department of Tourism and Marketing has over 24,700 fans following our Facebook feed and over 13,000 followers on Twitter.

The Vermont Vacation Planner is the state’s most comprehensive listing of lodging, dining, attractions, and events. It continues to be the most used portion of VermontVacation.com, with an average of 85,000 searches for information each month. The online itinerary planner allows consumers to create detailed day-to-day business and vacation trip in Vermont. The Itinerary planner allows mapping, scheduling, and the saving of trip plans by consumers who log in.

Twitter @THISISVT

On July 23rd, Vermont’s tourism department launched @ThisIsVt, handing over the reins to the account to a different Vermont citizen each week. The Twitter feed has over 4,700 followers. The project’s goal is to present a contemporary, humanized narrative as it works to attract more tourists and young residents.

VermontVacation.com

VermontVacation.com is now completely maintained and updated by staff of the Vermont Department of Tourism, severing our reliance on contracted vendors to make changes to the site.

Domestic Sales

VDTM's sales team facilitates more than twenty trade and consumer travel shows, missions and events worldwide each year. These efforts engage up to a dozen Vermont partners, e.g. trade associations, chambers of commerce, ski areas, etc. Each year, VDTM obtains tens of thousands of dollars in complimentary stays and packages from Vermont resorts and hotels and attractions to apply toward its media campaigns. This 'trade' allows our media buyer to leverage our budgeted funds for print and broadcast advertising with in-kind value. We will be able to further extend our media reach at no incremental cost to the State of Vermont by encouraging in-state companies to advertise the Vermont vacation experience in their product and service advertising. In addition, VDTM continues to work with the industry to host trade familiarization trips, inspire events and conferences that attract visitors, and respond to our Vermont partners' ongoing requests for advice and services.

Regular communication and sales missions with travel agents and tour operators ensure that Vermont retains a strong presence in travel trade product offerings throughout the world. Motor coaches continue to be an integral part of the Vermont tourism mix. Hundreds of motor coach companies come to Vermont with thousands of travelers during all four seasons. Interaction with consumers at special events and consumer shows highlight Vermont as a vacation destination in a way that other promotional mediums cannot.

International Sales and Marketing

International visitation to Vermont remains the fastest growing sector of our tourism economy. In order to reach these valuable markets with the greatest economy and efficiency, VDTM has worked in cooperation with the other New England states for nearly two decades.

Discover New England (DNE) is a unique collaborative established by the New England State Travel Directors Council in 1992. DNE was designed to create a collective international marketing engine managed by the State Tourism Directors/Commissioners of the six New England States. This long standing annual agreement with DNE has enabled Vermont to participate in equal, collaborative promotional opportunities. Each state is an equal partner and contributes an equal dollar amount to fund DNE.

DNE promotes and represents all sectors of the tourism industry in New England, targeting the primary markets of Germany and the United Kingdom, and works with the emerging secondary markets such as Ireland and Italy.

Discover New England complements the sales effort managed by VDTM in the international market.

Porter Air Initiative

In an effort to increase international business and travel to Vermont the Vermont Department of Tourism & Marketing successfully developed a collaborative with Porter Air, the Vermont Ski Areas Association and Burlington International Airport (BTV) for direct service from Toronto to Burlington. In an effort to support this development the Department will invest \$75,000 to support a cooperative marketing endeavor with Porter Air. Ski Vermont is also investing in advertising with Porter Air to support this effort. If the initial winter service is popular, it is anticipated that Porter will consider adding more flights in winter and other seasons. Special Porter ski packages and shuttle bus service for Jay Peak, Smugglers' Notch Resort, Stowe Mountain Resort and Sugarbush Resort are available. During this pilot project Porter provides twice-weekly roundtrip flights from Billy Bishop Toronto City Airport to Burlington.

The new direct flight to Burlington, Vermont, from Toronto, Canada, on Porter Air will open up many more opportunities for tourism, trade and business investment between Vermont and Ontario.

Communications' & Outreach:

The Vermont Department of Tourism and Marketing's communications and outreach program is to produce, curate and announce news of the State as a tourism entity and compelling location to live and work

- Deliver news and information across all modes of connectivity: from print to TV to press events, as well as voiceover, photography and B-roll as needed.
- Provide public relations services of consulting, editing and distribution for ACCD's Department of Economic, Housing and Community Development and the Chief Marketing Office.
- Serve as contributor and editor to VermontVacation.com and various ACCD, Vermont Chamber, and assorted statewide organization's print and online materials: in-state, domestic and international.
- Develop dozens of media familiarization trips, group and individual, domestic and international, across all regions and tourism sectors.
- Produce tourism industry and consumer newsletters, emailed to 80,000 monthly.
- Manage VDTM's social media content. Develop, engage and interact; monitor and nurture growth across Facebook, Twitter, Instagram and Pinterest, currently at a population of 40,000.
- Liaise with statewide chambers, businesses and organizations to assist in their PR and marketing, strengthen in-state communications and garner media opportunities.
- Collaborate on VDTM marketing initiatives, from concept to creative, implementation and analysis.
- Record weekly 1-800-Vermont hotline major events, foliage reports, and winter conditions.
- Maintain and grow relevant media lists in media database software. Monitor clips and analytics.

VDTM sends monthly electronic newsletters to the Vermont travel industry and also distributes seasonal, interest-based newsletters about Vermont to a list of more than 40,000 subscribers.

VERMONT LIFE

Mission:

Vermont Life's mission is to create an engaging online presence and publish a premier-quality magazine filled with the best writing, illustration, art and photography Vermont has to offer. Every issue of Vermont Life celebrates the unique heritage, countryside, traditions and people of Vermont and explores issues of contemporary interest to Vermonters and visitors to the state.

Population Served:

In addition to serving as an informative, entertaining magazine for Vermonters and Vermont-passionate out-of-staters, Vermont Life is a marketing tool for Vermont Department of Tourism & Marketing, Vermont Department of Economic Development, Vermont Captive, other agencies and departments of the State of Vermont, and companies and private sector organizations (associations, colleges, etc.) state-wide.

As an enterprise within state government, Vermont Life is self-funding through sales of subscriptions, advertising, calendars and Vermont artisan gifts.

Vermont Life, a State of Vermont enterprise, comprises:

1. Legendary, 67-year-old quarterly magazine, Vermont Life;
2. Digital edition of Vermont Life;
3. Extra content, blogs and reader services at vermontlife.com;
4. Monthly Vermont Life e-news to nearly 40,000 subscribers;
5. Seven annual Vermont Life calendars;
6. Several lines of house-produced greeting cards;
7. Fully interactive and secure website at vermontlifecatalog.com;
8. Line of Vermont artisan gifts marketed via printed and online catalogs and
9. Special projects, e.g., publishing the 2014 Vermont Fish & Game calendar and serving as online/phone retailer and fulfiller of "I Am Vermont Strong" fundraising license plates.

2. Population Served:

Vermont Life, the magazine, prints 51,500 copies read by 40,000 Vermonters and 80,000 out-of-staters;
Our website vermontlife.com attracts about 5,000 unique monthly visitors;
Vermont Life e-news is distributed monthly to nearly 40,000 permitted e-mail addresses;
Nearly 10,000 consumers like Vermont Life's Facebook page;
8,000 follow Vermont Life on Twitter and
530 follow Vermont Life Pinterest.

3. Outcomes and Measures:

Vermont Life continues to implement projects to reduce expenses, increase revenue and otherwise strengthen the enterprise, resulting in an improved P&L for the second consecutive year.

Circulation is increasing for the first time in years, reflecting enthusiasm and support for Vermont Life's direction as a contemporary, Vermont-enthusiast's publication. A direct mail campaign far exceeded projections, and digital couponing including "Jumponit" and "Living Social", helped increase circulation, as did partnerships with local schools to sell subscriptions as fundraisers.

Vermont Life ad sales are expected to decrease slightly, due to the illness and death of Publisher Dave Hakins and the subsequent reassignment of his accounts to other non-staff (i.e., commission-supported) ad salespeople.

Vermont Life re-engineered its catalog to reduce expenses, improving the bottom line by 20 percent. A new fulfillment house, website and earlier catalog mailing will contribute to savings in FY15.

FISCAL YEAR 2015 BUDGET										
DEPARTMENT PROGRAM PROFILE										
DEPARTMENT:	DEPARTMENT OF TOURISM AND MARKETING									
	Name and brief narrative description of program (not to exceed 2 sentences for each)	GF \$\$	TF \$\$	Spec F (incl tobacco) \$\$	Federal \$\$	ARRA\$\$	All other funds \$\$	Total funds \$\$	Authorized positions	Amounts granted out
<u>Administration</u>	Management and administrative support for all programs; industry support and administration of grant funds are all part of the general administration of the department.									
FY 2013 expenditures		547,465						547,465	1	290,535
FY 2014 estimated expenditures		501,833						501,833	1	238,500
FY 2015 budget request		611,030						611,030	2	271,500
<u>Sales and Marketing</u>	Coordinate strategic direct advertising campaigns to promote Vermont as a top year round tourism destination. Develop, produce and purchase advertising media. Fulfillment of visitor requests for information generated by advertising campaigns. Travel trade relations which includes participation in domestic and international trade shows and sales missions. Co-promotion and co-sponsorship with private sector partners to promote Vermont as a tourism destination.									
FY 2013 expenditures		2,372,995					14,931	2,387,926	5	
FY 2014 estimated expenditures		2,405,158					90,000	2,495,158	5	
FY 2015 budget request		2,393,278					100,000	2,493,278	5	
<u>Communications and Outreach</u>	Coordinates communications, database, Web, public earned media and research relationships among statewide and regional tourism, agriculture, natural and cultural heritage organizations.									
FY 2013 expenditures		87,915						87,915	1	
FY 2014 estimated expenditures		92,207						92,207	1	
FY 2015 budget request		101,514						101,514	1	
<u>Research</u>	Provides studies of visitor demographics, interests, activities, spending and economic impact for use in marketing strategies and policy decisions.									
FY 2013 expenditures		196,265						196,265	1	
FY 2014 estimated expenditures		138,687						138,687	1	
FY 2015 budget request		144,872						144,872	1	
<u>Vermont Life Magazine</u>	The division exists to publish a top-quality magazine celebrating, explaining, and promoting the State of Vermont, its people and its heritage.									
FY 2013 expenditures							707,557	707,557	9	
FY 2014 estimated expenditures							827,003	827,003	9	
FY 2015 budget request							830,693	830,693	9	
Total Department										
	FY 2013 expenditures	3,204,641	-	-	-	-	722,488	3,927,129	17	290,535
	FY 2014 estimated expenditures	3,137,885	-	-	-	-	917,003	4,054,888	17	238,500
	FY 2015 budget request	3,250,694	-	-	-	-	930,693	4,181,387	18	271,500

Performance Measure Detail

Appropriation 7130000000 Tourism and marketing

Objective: To increase awareness of the Vermont brand with the goals of increasing visitation to the state and encouraging the purchase of Vermont products and services.

Measures	Unit	FY 13 Targets	FY 13 Actuals	FY 14 Targets	FY 14 Estimate	FY 15 Targets
\$ increase of rooms and meals tax revenue	\$ increase tax revenue	0	6,309,150	5,000,000	5,000,000	5,000,000
# increase of jobs in the hospitality sector	# jobs	33,000	33,963	33,500	34,000	34,200
# occupancy (overnight campers) at Vermont State Parks *	# occupancy	900,000	898,474	945,000	945,000	950,000

* reported on a calendar year basis

Program Budget:	FY2013 Actuals	FY2014 Original	FY2014 Governor's BAA	FY2015 Governor's
		As Passed Budget	Recommended Budget	Recommended Budget
Personal Services	1,044,766	1,079,788	1,079,788	1,178,755
Operating Expenses	1,884,271	1,909,597	1,909,597	1,900,439
Grants	290,535	238,500	238,500	271,500
Total Appropriation	3,219,572	3,227,885	3,227,885	3,350,694
Total Program Cost:		3,219,572	3,227,885	3,350,694

FISCAL YEAR 2015 BUDGET									
DEPARTMENT PROGRAM PROFILE									
DEPARTMENT:	ADMINISTRATION								
	Name and brief narrative description of program (not to exceed 2 sentences for each)	GF \$\$	TF \$\$	Spec F (incl tobacco) \$\$	Fed F \$\$	All other funds \$\$	Total funds \$\$	Authorized Positions	Amounts granted out
Administration									
FY 2013 expenditures	Administration consists of the Office of the Agency Secretary, Deputy Secretary, IT Services, Administrative Services and Legal Counsel. Together they provide managerial direction, coordination, and support services to the agency.	2,671,173	0	0	48,761	3,493	2,723,427	19	354,315
FY 2014 estimated expenditures		2,792,387	0	0	1,100,000	0	3,892,387	19	1,404,570
FY 2015 budget request		2,869,885	0	2,000,000	800,000	0	5,669,885	18	3,204,570
Chief Marketing Officer									
FY 2013 expenditures	The Office of the Chief Marketing Officer for the state of Vermont was created in Act 71, 2005, to ensure consistency and efficiency in the use of state funds for marketing and promotional activities conducted by state agencies.	195,890	0	0	0	34,385	230,275	2	0
FY 2014 estimated expenditures		194,442	0	0	0	70,000	264,442	2	0
FY 2015 budget request		205,714	0	0	0	70,000	275,714	2	0
Total Department									
	FY 2013 expenditures	2,867,063	0	0	48,761	37,878	2,953,702	21	354,315
	FY 2014 estimated expenditures	2,986,829	0	0	1,100,000	70,000	4,156,829	21	1,404,570
	FY 2015 budget request	3,075,599	0	2,000,000	800,000	70,000	5,945,599	20	3,204,570

OVERVIEW

The Chief Marketing Officer serves as a central resource for state marketing activity, providing oversight of (and guidance on) marketing functions within each state agency and department. Specifically, the CMO acts as a steward of the Vermont brand; supports state marketing activity by providing strategic marketing and communications expertise, tactical planning support and centralized services; and enhances the success of state marketing efforts through collaboration across state government as well as via public/private partnerships.

This work is accomplished through a variety of efforts described here.

STAFF & PRIORITIES

In August 2013, Nancy Driscoll became the new Chief Marketing Officer, taking over for Kathy Murphy. Heather Pelham, Marketing Specialist, started in the CMO’s office in April 2013. It’s been a smooth transition to the new team, and one that’s opened up new avenues of possibility for the CMO’s office to support the state of Vermont.

With input and support from the Administration, the CMO team has defined two major priorities:

(1) Communications planning and creative development for the “Marketing and Promotional (MAP) Agencies” defined in the establishing statute for the CMO’s office (2005):

- Dept of Tourism & Marketing
- Dept of Economic Development
- Agency of Agriculture, Food & Markets
- Division of Historic Preservation
- Agency of Transportation
- Dept of Forests, Parks & Recreation
- Dept of Fish & Wildlife

As Tourism & Marketing has the largest budget and the most marketing resources, the CMO will “download and deploy” messaging from Tourism among the other entities. We will also integrate statewide marketing priorities into the activities of each of these outreach-driven entities. Projects such as Made in Vermont and Make Vermont Home are specific examples of this strategy.

(2) Study of effectiveness of statewide marketing spending

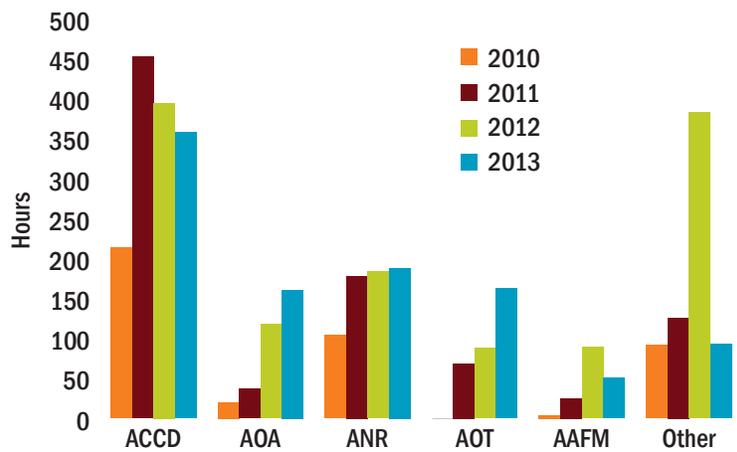
The CMO is required to approve any marketing contract over \$15,000. Starting in 2013, each department that executes a large marketing contract must also follow up with the CMO with copies of the deliverables (TV ad, brochure, website) and copies of all associated invoices. The CMO will work to develop best practices and recommendations, in hopes of helping the state achieve the same results with less money, and/or better leverage federal and state funds to get more value out of our marketing contracts.

CENTRALIZED MARKETING SERVICES & RESOURCES

Beyond the priorities outlined above, the CMO supports marketing work throughout state government by serving as the state’s central brand steward and providing access to shared resources.

Design & Production Services

The CMO office spent 1014 hours on **design and production services** in 2013. The cost of staff time is 60% less than the contracted hourly rates of marketing vendors, equating to a **savings of over \$40,000.**



These projects supported by the CMO resulted in dollars saved, improved quality and effectiveness, and enhanced success of marketing programs. As importantly, the Vermont brand was consistently faced and messaged across state government.

Shared Resources

Access to shared marketing resources enabled further savings and benefited state programs and departments via higher

quality materials and communications at reduced rates. The CMO's office administered four master contracts for marketing and communications services, four photography master contracts, and an aggregated media buying contract through a single media buyer in 2013. We also administer a shared image library for state-owned photography.

ADDITIONAL CONTRIBUTIONS

In addition to the role of overseeing state marketing operations, the Chief Marketing Officer is engaged in a variety of special projects and initiatives related to communications and marketing.

Made in Vermont

Picking up on prior-year efforts to launch a "Made in Vermont" marketing program, the CMO's office renewed that work this year, in close collaboration with the Department of Tourism and Marketing. The program will (1) feature an approved "Made in Vermont" product label that is fully compliant with consumer protection laws, and (2) leverage Vermont's brand and existing marketing channels to promote Vermont-made products to consumers beyond our state borders.

Responding to questions voiced by legislators last year, the CMO's office conducted market research in 2013 within the Vermont producer communities in order to substantiate the level of interest in participating in the program and the level of state resources required to support it. The CMO will take the lead in 2014 on proposing and (if approved) launching the Made in Vermont program.

Make Vermont Home

Working with the Departments of Tourism, Labor and Economic Development, the CMO's office has been involved in the development of a marketing campaign to recruit job seekers, business owners, leisure travelers, second home owners and college bound students to Vermont. A 'live/work/play/learn' theme, internally titled "Make Vermont Home," has already been deployed in State of Vermont recruitment ads and events over the past year. The group sees much more potential to elevate the volume and the impact of the campaign, and collaborative discussions are ongoing.

State of Vermont Website Template

The CMO's office has assumed a leadership role in deployment of the State of Vermont website template. We have worked closely with DII to understand the technical features and functions of the template and its many opportunities for customization. We then consult with state agencies and departments on the best ways to use those tools to organize

their information and communicate with stakeholders and the public. We are also beginning work with DII to develop the next iteration of that design template, which will be mobile-device-responsive.

In 2013, the CMO and DII completed websites for DHR, Historic Sites, Vermont State Craft Centers, Vermont Spotlight/Financial Transparency and our own CMO website, and we are currently working with ANR, FPR, DEC, F&W, DCF and DAIL to re-launch their websites in this system.

Irene Recovery Report

The final Irene Recovery Report, released on the 2-year anniversary of the storm, was a major project of the CMO team in 2013. The project involved outreach to many state agencies for photos and information, and the organization of hundreds of photos, charts, stories, sidebars and quotes into a book that told both an emotional and a factual story. The CMO's office devoted more than 80 hours to the project, saving the state thousands of dollars over hiring a design firm, and giving the Irene Recovery Office more flexibility in pulling so much information together on a very tight timeline.

Universal Recycling Program

The CMO team worked closely with DEC's Solid Waste staff to take the goals and policies set forth in 2013's Act 148 and create communications materials that are accessible to consumers. We produced the graphic symbols that will soon identify containers for Trash, Recycling and Food Scraps waste streams, and produced a set of guidelines and phase-in dates that gave Vermonters "just the facts" they need to know. This project is a good example of how the CMO team's private-sector communications expertise is a valuable asset to subject-matter experts who often speak and write in the language of law and policy, rather than to general audiences.

Agency of Transportation FactBook

Finally, the CMO's office helped execute an ambitious project with the Agency of Transportation this fall: unifying all of their divisions' Annual Reports into a single FactBook with a unified look-and-feel. The result was a comprehensive book that legislators can use as a resource as they consider budget requests and respond to constituent inquiries.

QUESTIONS OR COMMENTS? PLEASE REACH OUT:

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