

The Vermont Labor Market

Departments of Employment & Training / Labor & Industry

Vermont Department of Employment & Training

February
2003

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<http://www.det.state.vt.us>

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Commissioner's Message

Martin Luther King Community Service Award

At a ceremony held on January 19, 2003 in Memorial Auditorium, Ann-Marie Nichols accepted the Martin Luther King Community Service Award for the Department of Employment & Training's Burlington office. As Commissioner, I was honored to be able to present the award to Ann-Marie, who is the manager of our Burlington Career Resource Center.

Burlington has become the 'melting pot' of Vermont, with many different races living and working there. The Martin Luther King award recognizes organizations who have contributed to the community in non-discriminatory ways and who have actively supported efforts of diversity. The other recipients this year were the Fletcher Free Library and the Refugee Resettlement Project.

DET's efforts to reach out to minorities and immigrants, in order to

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The Edge

Number of Jobs Declines in 2002



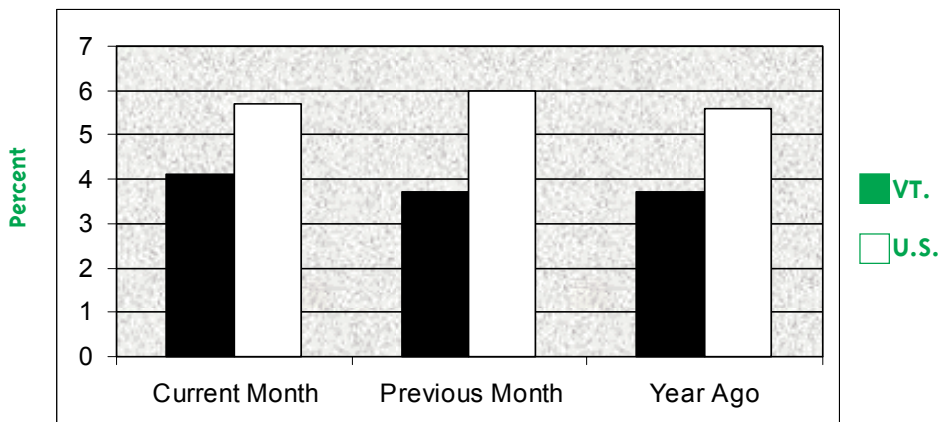
The average number of jobs in Vermont fell during 2002 by seven tenths of a percent, largely as a result of the recession, which began in 2001. This is the first net job loss for the state since 1991 when a national recession also caused a contraction in the labor market. The impact of the recession 12 years ago, however, was more severe and resulted in a net loss of 3.3 percent of the state's jobs. Both downturns produced significant declines in manufacturing but some of the losses have been offset by gains in less cyclical industries.

Recently DET revised the monthly job estimates for 2002 as part of its annual benchmarking, which is required by the U.S. Bureau

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Unemployment Rates Vermont and U.S.

January (SA) 2003 Rates
VT 4.1% • U.S. 5.7%



Commissioner's Message –

(continued from front page)

increase their chances of finding meaningful work have made a difference in many lives. Over the last few years the number of minority participants who have utilized DET's services has increased dramatically. And, because of DET's strong partnering efforts, many other services have become available.

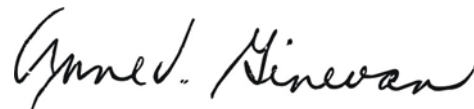
One most promising practice has been Jump Start, a youth initiative which has evolved over the last two years in Burlington's Career Resource Center. A staff member dedicated to youth customers envisioned a separate youth One-Stop Center motivated by a significant increase in gang activity, drug abuse, and dropouts among Burlington area youth. DET staff felt the need for a highly-visible youth initiative which is now staffed by two full-time professionals. Jump Start provides a focus and serves as a clearinghouse of almost all youth workforce initiatives in Chittenden County and provides a youth-friendly environment for positive action. A database of 'youth-friendly' area employers is maintained and available to community entities seeking to assist youth agencies.

Other DET career development services and initiatives include: employment counseling, job training, apprenticeship, assessment, and job search workshops. In the Career Resource Room, computers are available with internet access, telephones may be used to schedule appointments, and fax machines to forward resumes and applications. There is also an extensive library covering employment related subjects. DET is completely

accessible for people with disabilities and assistive technology available includes:

- **TTY Telephone Unit** for individuals with hearing impairments.
- **Closed Circuit Monitor** for individuals with visual impairments.
- **ZOOM TEXT** on personal computer for individuals with visual impairments.
- **Adjustable Computer Table** for individuals with mobility impairments.

My congratulations go to the Burlington CRC, Ann-Marie, and to all of DET for continuing to be a valuable resource to all.



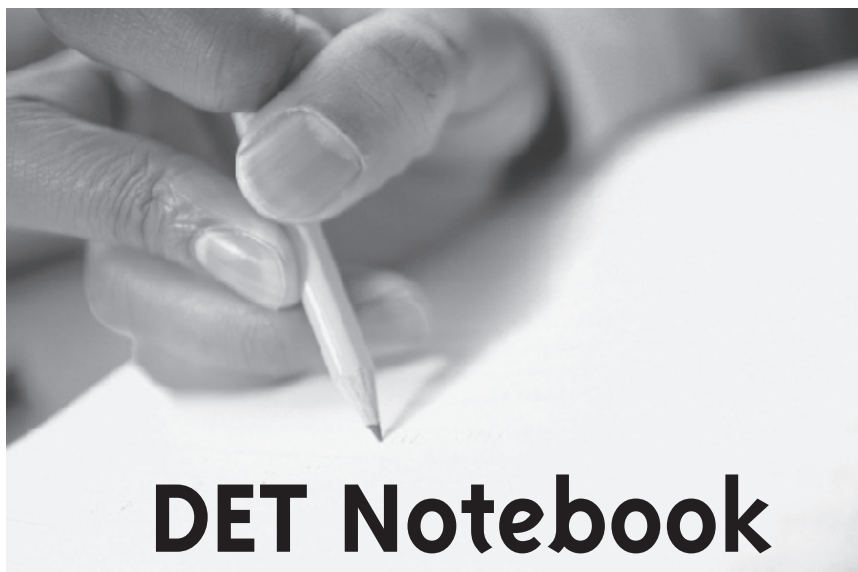
The Edge - *(continued from front page)*

of Labor Statistics. In addition to adjusting the monthly estimates to reflect more complete information from employers, the jobs data is now aggregated according to industrial categories based on the North American Industry Classification System (NAICS). As shown in the tables on pages 6 and 7, categories reflect the growing importance of non-manufacturing industries. The new categories also reflect the significant technological change that has occurred throughout the economy.

The recently updated job estimates show losses starting later than originally estimated in 2001 and lasting for a shorter time period. The year-to-year decline in wage and salary employment began in December 2001 and lasted through November 2002. The revised jobs data for 2001 shows a net gain of slightly more than one percent from the prior year, indicating the lag of the impact of the recession on the job market.

DET works closely with the U.S. Bureau of Labor Statistics to ensure the quality of Vermont's monthly job statistics. As part of the effort to minimize revisions and provide reliable preliminary data for the states and the nation, the Current Employment Statistics survey has shifted to a probability sampling procedure.

This change is expected to improve the quality of the monthly data, but it has had an impact on the number of substate areas we publish. We are no longer able to publish monthly job data for the Rutland labor market area in this newsletter. However, we publish employment data for all 13 labor market areas in our quarterly bulletin, and on our web site at www.vtLmi.info with a lag of about six months. Revised historical data based on the NAICS structure is also available on the web site for both state and sub-state areas.



DET Notebook

DET and Community High School

A chance meeting in the lobby of the Brattleboro Department of Employment & Training Career Resource Center (CRC) has resulted in a collaboration between Brattleboro's Department of Corrections (DOC) Community High School (CHS) and the Brattleboro CRC. Patty Gilbert overheard a conversation between a woman and a young man adorned with all the latest piercings and hair colors looking at the job listings. Understanding the local labor market, Patty knew that the young man would have difficulty finding employment. After introducing herself to them, she discovered that he was a youth offender presently enrolled in the Community High School. This young man had multiple and significant barriers to employment. The adjunct faculty member who was with him that day had been assigned to work part-time with the students to help them find employment. Further discussion between the CHS vocational coordinator and Patty revealed many resources available at DET for students in addition to job listings.

DOC has four regional community high schools and students within the correctional facilities themselves. One very important goal is to provide their students with vocational guidance, which is a perfect match for the widening scope of DET's mission: to

provide individuals with services, information and support to obtain and keep good jobs.

In today's labor market, jobs are difficult to find for the most seasoned employee and almost impossible for those with significant barriers to employment, recently released offenders among them. DET has always recognized this challenge and has, in recent years, begun to address this special needs population by providing reemployment services locally and within correctional facilities and working with offenders to develop strong employment plans prior to discharge.

Successful reintegration of offenders into society can be achieved by offering opportunities for education and employment to those who want them. Obtaining a high school diploma is a major step towards successful employment.

The Brattleboro CRC offers offenders the opportunity to work with a career development specialist. Our specialists work closely with CHS staff to develop realistic employment goals for each participant. Critically important work experience is arranged so that participants can begin the journey to self-sufficiency.

By assessing a participant's interests and abilities our staff can help participants identify their employment goals. Together, they can then develop an employment plan that is workable for the participant. Participants begin to understand the

relationship between learning, experience and their future occupational opportunities.

Because most of the offender population has multiple barriers to employment, progress may be slower than in other groups. Our career specialists are aware that they must move at a pace that is appropriate for the participant. These young people have already been involved with various agencies in the past. They have dropped out of school, have little or no work history, and have a felony already on their records. Many suffer from mental health issues, substance abuse and learning challenges. There is a real need for an individualized plan for job readiness, job exploration, placement and retention. The career development specialist works with an individual for a year after unsubsidized employment is found. This provides one more safety net to prevent re-offending.

The career specialist, vocational coordinator, and correctional officer have begun to develop a model. A 'job club' group is held each week for two hours to explore the world of work, employment, interviewing skills, appropriate dress, and other pointers. Presently, there are twelve participants in the weekly group; five are involved in work experiences and the rest are in assessment mode. A couple of participants have now entered either an on-the-job training contract or unsubsidized employment.

DET is committed to continuing to work with this population for two main reasons. The ability to obtain and retain a job is one of the strongest deterrents to recidivism there is, and employers consistently state that they want a workforce that understands the world of work.

Oh, and the young man with the piercings and hair color? He is an active participant in the job club, doing well in his studies, is working in an area that interests him, and has been offered a permanent position when his training ends. Yes, the hair color remains, but is much more subdued and he wears much less metal!

Economic Spotcheck

Local Unemployment Rates *(Not Seasonally Adjusted)*

Town/City*	Jan. '03	Dec. '02	Jan. '02
Barre City	10.4	7.7	12.8
Barre Town	3.9	2.8	5.7
Bennington Town	5.6	5.0	6.4
Brattleboro Town	3.2	2.6	4.0
Burlington City	2.9	2.8	3.6
Colchester Town	2.6	2.6	3.6
Essex Town	2.8	2.6	2.7
Hartford Town	1.6	1.5	2.7
Middlebury Town	2.6	2.2	3.6
Milton Town	4.5	3.9	4.5
Montpelier City	2.2	1.8	3.2
Rutland City	2.5	2.5	3.8
St. Albans City	3.1	2.9	3.8
St. Johnsbury Town	6.9	5.3	8.6
So. Burlington City	2.5	2.3	2.8
Springfield Town	6.5	5.8	6.1

*16 Largest Towns in Vermont

U.S. CONSUMER PRICE INDEX Base Period (1982 - 1984 = 100)

	Jan. 2003	Dec. 2002	Jan. 2002
All Items Index	181.7	180.9	177.1
Annual Percent Change	2.6	2.4	1.1

BRIEF EXPLANATION OF THE CPI - The Consumer Price Index (CPI) is a measure of the average change in prices over time of a fixed market basket of goods and services. It is based on prices of food, clothing, shelter, fuels, transportation fares, and other items that people buy for day to day living. The CPI shown above represents the U.S. city average for all urban consumers and is not seasonally adjusted.

There is no separate Consumer Price Index for Vermont or any area within the state.

Employment Trends

Total seasonally adjusted January employment fell slightly, dropping by 1,300 from the previous month with 337,400 working Vermonters. This estimate includes all Vermont residents who worked, whether at wage and salary jobs, or as self-employed.

On a seasonally adjusted basis, the estimated number of nonfarm jobs jumped by 0.8 percent to 302,400 for a gain of 2,500 jobs. Government experienced the largest gain adding 1,500 jobs. This is most likely due to certain volatility within education during the annual holiday break period. There exists several educational calendars and often times this period can fluctuate rather dramatically.

The more detailed unadjusted estimates decreased by over 5,700 in January, largely due to losses in industries affected by seasonal activities. Retail trade and construction accounted for much of the loss. Manufacturing fell by 900 with durable goods accounting for much of the loss in January.

Seasonal activities also negatively impacted educational services in both the private and government sectors due to school closings related to the winter holiday break. More than 1,600 jobs were affected. Professional & business services combined for a loss of almost 1,000 jobs. This is fairly typical during the period, as some of the employment is either seasonal or volatile.

These preliminary January estimates reflect an annual increase of 0.4%. Health care & social assistance provided the largest over the year gain, adding almost 1,900 jobs and adding jobs for the fifth straight month as well. When compared to a year ago January, manufacturing led the way with losses of almost 4,000. Computer & electrical equipment manufacturing was the largest contributor within that group, dropping by 1,900.

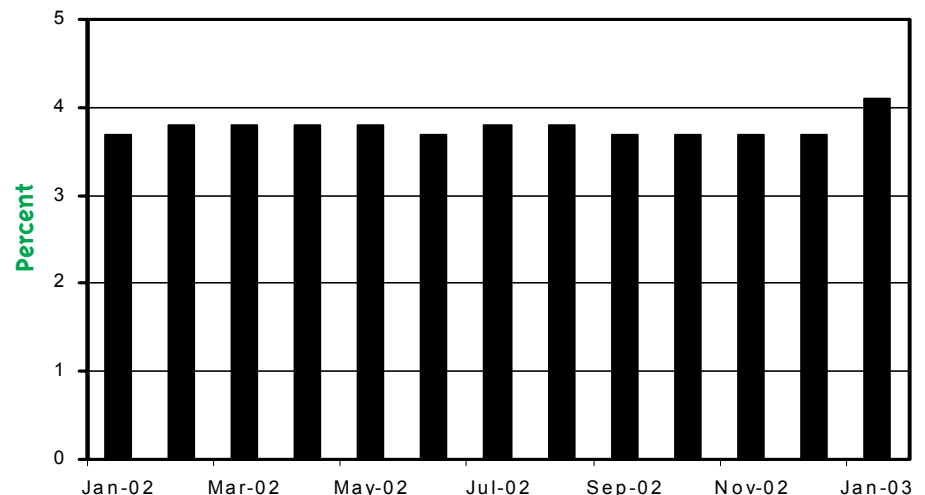
Unemployment Trends

Vermont's seasonally adjusted January unemployment rate of 4.1 percent was up four tenths of a point from the revised December rate, with an estimated 14,300 Vermonters unemployed during the month.

The comparable national unemployment rate was 5.7 percent for January, down three tenths of a point from December. Vermont continues to be well under the national rate.

The number of initial claims for Unemployment Insurance filed in January decreased significantly from the previous month, mostly in manufacturing. Total initials within manufacturing fell from just over 3,100 in December to just over 1,000 in January. The largest drops having come from both furniture & nonmetallic mineral product manufacturing.

Vermont Seasonally Adjusted Unemployment Rate



Labor Force Estimates *(Seasonally Adjusted)*

Vermont	Jan. '03	Dec. '02	Jan. '02	Changes from:	
				Dec. '02	Jan. '02
TOTAL LABOR FORCE¹	351,600	351,900	345,500	-300	6,100
TOTAL EMPLOYMENT	337,400	338,700	332,600	-1,300	4,800
TOTAL UNEMPLOYMENT	14,300	13,200	12,900	1,100	1,400
RATE	4.1	3.7	3.7	0.4	0.4

¹Includes proprietors, professionals, and unpaid family workers.
VCM Regression Methodology

Labor Market Areas *(Not Seasonally Adjusted)*

	Jan. 2003	Dec. 2002	Jan. 2002		Jan. 2003	Dec. 2002	Jan. 2002
BARRE-MONTPELIER				MORRISTOWN-STOWE			
Labor Force	41,850	41,250	40,200	Labor Force	20,000	20,000	19,300
Unemployment	2,100	1,600	2,600	Unemployment	1,050	950	1,150
Rate	5.0	3.9	6.4	Rate	5.1	4.8	6.0
Employment	39,750	39,650	37,600	Employment	18,950	19,050	18,150
BENNINGTON-MANCHESTER				NEWPORT			
Labor Force	22,200	22,250	21,400	Labor Force	13,350	13,550	13,400
Unemployment	900	850	1,150	Unemployment	1,150	950	1,400
Rate	4.1	3.8	5.4	Rate	8.4	7.2	10.5
Employment	21,300	21,400	20,250	Employment	12,200	12,550	12,000
BURLINGTON				RANDOLPH			
Labor Force	105,700	106,150	103,800	Labor Force	6,450	6,650	6,200
Unemployment	3,200	3,000	3,500	Unemployment	300	250	300
Rate	3.0	2.8	3.4	Rate	4.9	4.1	4.5
Employment	102,500	103,150	100,250	Employment	6,150	6,350	5,950
ENOSBURG				RUTLAND			
Labor Force	10,400	11,300	10,500	Labor Force	31,200	30,300	31,000
Unemployment	750	650	850	Unemployment	1,300	1,050	1,450
Rate	7.1	5.9	8.1	Rate	4.2	3.5	4.7
Employment	9,700	10,600	9,650	Employment	29,900	29,250	29,550
HARTFORD-LEBANON,VT-NH LMA (VT PORTION ONLY)				ST. JOHNSBURY			
Labor Force	29,500	30,400	28,650	Labor Force	15,150	15,400	14,900
Unemployment	650	550	800	Unemployment	900	700	1,200
Rate	2.2	1.8	2.8	Rate	5.8	4.6	8.0
Employment	28,850	29,850	27,850	Employment	14,250	14,650	13,700
KEENE-BRATTLEBORO,NH-VT LMA (ENTIRE AREA)				SPRINGFIELD			
Labor Force	N/A	N/A	N/A	Labor Force	10,900	10,100	10,450
Unemployment	N/A	N/A	N/A	Unemployment	500	450	550
Rate	N/A	N/A	N/A	Rate	4.7	4.4	5.2
Employment	N/A	N/A	N/A	Employment	10,400	9,650	9,950
MIDDLEBURY				STATEWIDE			
Labor Force	20,350	20,700	20,050	Labor Force	351,600	352,550	343,650
Unemployment	850	700	950	Unemployment	14,250	12,350	16,600
Rate	4.1	3.4	4.7	Rate	4.1	3.5	4.8
Employment	19,550	20,000	19,100	Employment	337,350	340,200	327,050

Monthly estimates are preliminary and subject to revision.
Detail may not add to totals due to rounding.

Vermont Seasonally Adjusted Nonfarm Employment in Thousands

BY NAICS	Prelim.	Revised	Revised	Changes From:	
	Jan. '03	Dec. '02	Jan. '02	Dec. '02	Jan. '02
Total - All Industries	302.4	299.9	300.7	2.5	1.7
Private Industries	250.4	249.4	249.7	1.0	0.7
Construction	15.0	15.1	15.4	-0.1	-0.4
Manufacturing	38.8	38.8	42.8	0.0	-4.0
Retail Trade *	39.5	39.3	40.1	0.2	-0.6
Professional & Business Services	20.4	20.6	20.0	-0.2	0.4
Education & Health Services	52.2	51.0	49.2	1.2	3.0
Leisure & Hospitality*	33.0	34.1	32.8	-1.1	0.2
Total Government	52.0	50.5	51.0	1.5	1.0

*These estimates are not endorsed by the U.S Bureau of Labor Statistics.

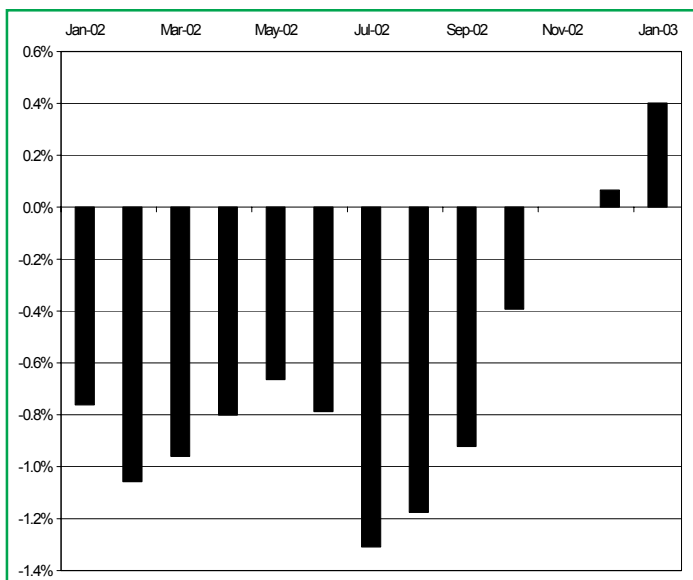
Note: Total - All Industries estimate is seasonally adjusted independently.

All seasonal adjustment performed with X12-ARIMA. Seasonal factors available from DET/LMI on request.

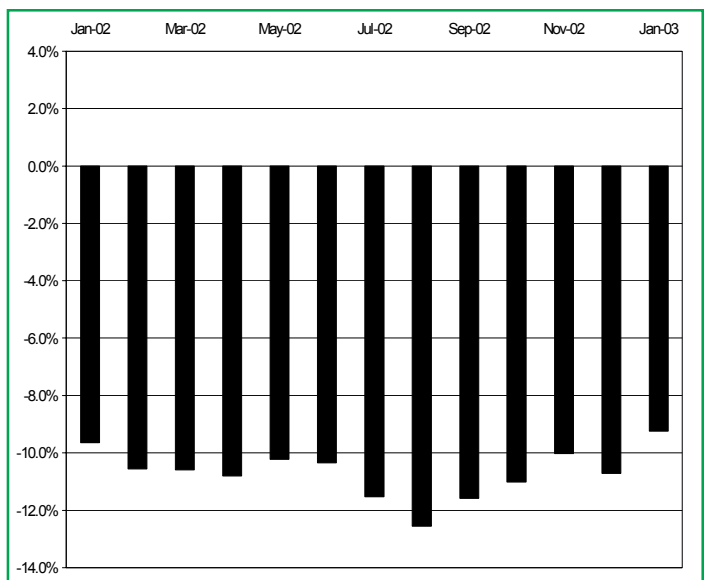
Produced by the Vermont Department of Employment and Training in cooperation with the U.S Bureau of Labor Statistics, unless otherwise noted.

Vermont Annual Job Growth Not Seasonally Adjusted Data

All Industries



Manufacturing



Nonfarm Employment In Vermont *(Not Seasonally Adjusted)*

Compiled by the Department of Employment and Training in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

INDUSTRY BY NAICS	Prelim.	Revised	Revised	Changes From:	
	Jan. '03	Dec. '02	Jan. '02	Dec. '02	Jan. '02
TOTAL NONFARM	300,550	306,250	299,400	-5,700	1,150
TOTAL PRIVATE	248,350	252,700	248,150	-4,350	200
GOODS PRODUCING	52,500	55,300	56,600	-2,800	-4,100
MANUFACTURING	38,300	39,200	42,250	-900	-3,950
Durable Goods	27,200	27,850	30,850	-650	-3,650
Computer & Electrical Equipment Mfg.	10,050	10,050	11,950	0	-1,900
Fabricated Metal Product Mfg.	2,800	2,800	3,000	0	-200
Machinery Mfg.	3,100	3,200	3,600	-100	-500
Transportation Equipment Mfg.	2,200	2,200	2,600	0	-400
Furniture & Related Product Mfg.	2,450	2,450	2,850	0	-400
Non-Durable Goods	11,100	11,350	11,400	-250	-300
Food Mfg.	4,000	4,050	4,050	-50	-50
CONSTRUCTION	13,350	15,050	13,450	-1,700	-100
NATURAL RESOURCES & MINING	850	1,050	900	-200	-50
SERVICE-PROVIDING	248,050	250,950	242,800	-2,900	5,250
TRADE TRANSPORTATION AND UTILITIES	59,050	60,200	58,250	-1,150	800
Wholesale Trade	10,300	10,500	9,900	-200	400
Retail Trade	40,100	41,100	39,650	-1,000	450
Food & Beverage Stores	9,850	10,150	9,600	-300	250
General Merchandise Store	3,550	3,500	3,400	50	150
Transportation, Warehousing and Utilities	8,650	8,600	8,700	50	-50
Utilities	1,700	1,700	1,700	0	0
Transportation & Warehousing	6,950	6,900	7,000	50	-50
INFORMATION	6,600	6,700	6,650	-100	-50
FINANCIAL ACTIVITIES	13,100	13,300	13,050	-200	50
Finance & Insurance	10,050	10,200	10,100	-150	-50
Real Estate, Rental & Leasing	3,050	3,100	2,950	-50	100
PROFESSIONAL AND BUSINESS SERVICES	19,850	20,800	19,200	-950	650
Professional, Scientific and Technical	12,100	12,300	12,000	-200	100
Administrative, Support and Waste	7,550	8,100	6,900	-550	650
EDUCATIONAL AND HEALTH SERVICES	51,400	52,050	49,050	-650	2,350
Educational Services	12,450	13,200	11,950	-750	500
College, Universities and Professional	6,650	7,400	6,400	-750	250
Health Care and Social Assistance	38,950	38,850	37,100	100	1,850
Ambulatory Health Care Services	15,250	15,350	14,600	-100	650
Hospitals	10,150	10,050	9,950	100	200
Nursing and Residential Care Facilities	6,650	6,700	6,450	-50	200
LEISURE AND HOSPITALITY	35,700	34,200	35,550	1,500	150
Arts, Entertainment and Recreation	2,800	2,950	3,100	-150	-300
Accommodation and Food Services	32,900	31,250	32,450	1,650	450
Accommodations	15,500	13,750	15,150	1,750	350
Hotel & Motels	14,650	12,800	14,000	1850	650
Food Services and Drinking Places	17,400	17,500	17,300	-100	100
OTHER SERVICES	10,150	10,150	9,800	0	350
GOVERNMENT	52,200	53,550	51,250	-1,350	950
Federal Government	6,150	6,300	5,700	-150	450
State Government Education	7,150	7,800	6,850	-650	300
Local Government Education	23,400	23,600	23,250	-200	150
Other State Government	9,000	9,000	8,950	0	50
Other Local Government	6,500	6,850	6,500	-350	0

Nonfarm Employment By Area *(Not Seasonally Adjusted)*

Note: Monthly estimates are preliminary and subject to revision. See Annual Employment & Earnings for details. Benchmark 3/2002.

Burlington

INDUSTRY BY NAICS	Preliminary	Revised	Revised	Changes From:	
	Jan. '03	Dec. '02	Jan. '02	Dec. '02	Jan. '02
TOTAL NONFARM	105,750	107,700	106,750	-1,950	-1,000
TOTAL PRIVATE	87,950	89,900	89,600	-1,950	-1,650
GOODS PRODUCING	20,150	20,450	22,800	-300	-2,650
MANUFACTURING	15,700	15,850	17,900	-150	-2,200
Durable Goods	12,100	12,250	14,150	-150	-2,050
Natural Resources and Mining	4,450	4,600	4,900	-150	-450
SERVICE PROVIDING	85,600	87,250	83,950	-1,650	1,650
TRADE, TRANSPORTATION AND UTILITIES	20,700	21,550	20,750	-850	-50
Wholesale Trade	3,650	3,650	3,600	0	50
Retail Trade	14,150	14,950	14,200	-800	-50
Transportation, Warehousing & Utilities	2,900	2,950	2,950	-50	-50
INFORMATION	3,100	3,100	3,050	0	50
FINANCIAL ACTIVITIES	5,150	5,200	5,200	-50	-50
PROFESSIONAL & BUSINESS SERVICES	9,800	10,050	9,000	-250	800
Professional Scientific and Technical	6,300	6,450	6,050	-150	250
EDUCATIONAL & HEALTH SERVICES	17,250	17,350	16,900	-100	350
Health Care and Social Assistance	13,950	14,000	13,500	-50	450
LEISURE AND HOSPITALITY	8,250	8,600	8,350	-350	-100
Accommodation and Food Services	7,000	7,200	7,050	-200	-50
Food Services and Drinking Places	5,750	5,950	5,850	-200	-100
OTHER SERVICES	3,550	3,600	3,550	-50	0
GOVERNMENT	17,800	17,800	17,150	0	650
Federal Government	3,000	2,950	2,450	50	550
State Government Education	5,100	5,200	5,300	-100	-200
Local Government Education	6,000	5,950	5,950	50	50
Other State Government	1,500	1,550	1,550	-50	-50
Other Local Government	2,200	2,150	1,900	50	300

Barre-Montpelier

TOTAL NONFARM	34,700	35,000	33,800	-300	900
TOTAL PRIVATE	26,150	26,400	25,550	-250	600
GOODS PRODUCING	4,350	4,700	4,800	-350	-450
Manufacturing	3,050	3,150	3,550	-100	-500
Natural Resources & Mining	1,300	1,550	1,250	-250	50
SERVICE-PROVIDING	30,350	30,300	29,000	50	1,350
TRADE, TRANSPORTATION AND UTILITIES	6,100	6,250	5,850	-150	250
Wholesale Trade	1,050	1,050	950	0	100
Retail Trade	4,250	4,400	4,150	-150	100
Transportation, Warehousing & Utilities	800	800	750	0	50
INFORMATION	700	700	700	0	0
FINANCIAL ACTIVITIES	2,850	2,850	2,700	0	150
PROFESSIONAL AND BUSINESS SERVICES	1,900	1,950	1,800	-50	100
EDUCATIONAL & HEALTH SERVICES	5,500	5,400	4,950	100	550
Health Care and Social Assistance	3,800	3,800	3,500	0	300
LEISURE AND HOSPITALITY	3,350	3,150	3,450	200	-100
Accommodation and Food Services	2,650	2,450	3,100	200	-450
OTHER SERVICES	1,400	1,400	1,300	0	100
GOVERNMENT	8,550	8,600	8,250	-50	300
Federal Government	350	350	350	0	0
State Government Education	250	300	300	-50	-50
Local Government Education	2,800	2,750	2,500	50	300
Other State Government	4,500	4,500	4,400	0	100
Other Local Government	650	700	700	-50	-50

Unemployment Insurance Program Summary

	January 2003	December 2002	January 2002	Percent Change From Last Month Last Year	
UI Trust Fund	\$276,277,387	\$281,388,449	\$297,814,978	-1.8%	-7.2%%
UI Reg. Benefit Payments *	\$11,690,369	\$11,298,535	\$9,699,161	3.5%	20.5%
UI Initial Claims	4,312	8,409	4,596	-48.7%	-6.2%
UI Weeks Claimed	48,666	51,043	43,707	-4.7%	11.3%

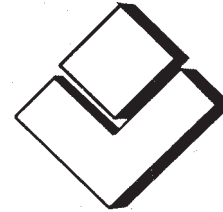
**Includes benefit payments for reimbursable employers.*

Average Hours and Earnings of Production and Nonsupervisory Workers

INDUSTRY BY NAICS	Average Weekly Earnings(\$)			Average Weekly Hours			Average Hourly Earnings(\$)		
	Jan. '03 Prelim.	Dec. '02 Revised	Jan. '02 Revised	Jan. '03 Prelim.	Dec. '02 Revised	Jan. '02 Revised	Jan. '03 Prelim.	Dec. '02 Revised	Jan. '02 Revised
GOODS PRODUCING	572.82	573.21	572.75	39.1	39.1	39.5	14.65	14.66	14.50
Natural Resources & Mining	431.12	435.75	426.18	31.7	31.9	31.9	13.60	13.66	13.36
Construction	581.78	594.05	587.51	38.0	38.7	38.5	15.31	15.35	15.26
Manufacturing	572.62	568.54	571.60	39.6	39.4	40.0	14.46	14.43	14.29
Durable Goods	595.60	589.55	590.27	40.0	39.7	40.1	14.89	14.85	14.72
Non-Durable Goods	509.52	511.61	512.03	38.6	38.7	39.6	13.20	13.22	12.93
Wholesale Trade	620.44	640.10	605.96	34.7	35.9	34.1	17.88	17.83	17.77
Retail Trade	357.54	363.53	347.44	30.3	30.6	29.9	11.80	11.88	11.62
Health Care & Social Assist.	536.68	527.69	531.63	29.7	29.3	29.8	18.07	18.01	17.84
BURLINGTON AREA									
Manufacturing	568.51	567.01	556.51	37.6	37.6	37.4	15.12	15.08	14.88

Vermont Department of

Labor & Industry



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Commissioner's Message

Workers' Compensation reform is once again a hot topic under the Golden Dome. Since becoming the Commissioner of Labor and Industry in January, I have been approached by a seemingly endless number of legislators, all of them concerned about the steep increase in the cost of workers' compensation insurance taking place in Vermont. Governor Douglas is also increasingly concerned about how the cost of this insurance is impacting economic development and job growth in the state.

Here at Labor and Industry we are carefully reviewing Vermont's workers' compensation laws and rules. We recognize that a well-run workers' compensation system is critical to Vermonters, in that it is a "no fault" system designed to compensate and protect employees who suffer personal injury in the workplace. The Workers' Compensation system also protects employers by limiting their liability for lawsuits arising out of such injuries.

However, as with all government programs, periodic review and updating of the Workers' Compensation program is crucial if the program is indeed going to meet its' goals. Accordingly, I have spent much of my first month in this office talking with various "stakeholders" in the workers' compensation process to try and identify those areas in which we need to make improvement. We look forward to sharing our ideas with legislators of all political persuasions during the next few weeks and months.

There is a great deal of confusion in the general public (and in the General Assembly) about what workers' compensation is, how the system works, and how insurance rates are calculated. I urge those with questions to visit our website, www.state.vt.us/labind, where they will find a tremendous amount of information. If you click on "posters/brochures", you will be able to access two documents that I believe should be required reading for all Vermont employers: a "fact sheet for employers" about the system, and a joint publication between this department and BISHCA titled "Workers' Compensation Insurance: A Guide for Vermont Business Owners."

I would also like to take this opportunity to announce that Laura Collins, currently the Director of the Workers' Compensation Division, has been appointed Deputy Commissioner of Labor & Industry. Laura has a tremendous amount of experience in workers' comp, and I look forward to working with her to find ways to improve the system. Vermonters are indeed fortunate to have someone of her caliber in state government.

Information for Employers: Workers' Compensation Insurance Coverage

Vermont employers are required to obtain workers' compensation insurance coverage for their employees. There are very few exceptions to this requirement. Employer size, non-profit status, non-monetary compensation or other such factors are all irrelevant to whether the employer must obtain coverage. This information sheet will address the few employment situations in which workers' compensation coverage is not required. It will also provide information concerning insurance coverage and what to expect for cost.

"No-Fault" Insurance Compromise

Workers' compensation was developed as a compromise system to benefit both employers and employees. It provides the injured worker with limited benefits in an expeditious manner. It provides the employer limited liability and contained benefits, limited by statute. Workers' compensation is also recognized as a no-fault system. The injured worker receives benefits regardless of worker or employer negligence or fault.

Mandatory Coverage - Few Exceptions

Vermont mandates that all employers with employees in Vermont maintain workers' compensation insurance coverage. The following limited employment situations do *not* require coverage:

- Casual employment that is not for the purpose of the employers trade or business

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- Amateur sports
- Agriculture or farm work for which aggregate payroll is less than \$2,000/year
- Family member dwelling in the family home
- Work performed in and about the home (for the benefit of the home)
- Sole proprietor or partner owner of an unincorporated business
- Real estate broker or real estate sales person on commission

Independent Contractor or Employee?

Special questions arise over whether an individual worker is an independent contractor or an employee. If the worker is an "employee", the employer must carry workers' compensation insurance coverage for that worker. The Workers' Compensation Division applies two tests to determine the worker's status:

1. Right to Control Test.
2. Nature of the Business Test.

If the worker is performing work controlled by or integral to the employer's business then an employment relationship likely exists and the employer should have workers' compensation insurance coverage. More information is available at:

www.state.vt.us/labind/wcomp/wcindependentcontractor.htm

Coverage Not Required for Volunteers

An employee, by definition refers to: "A person who has entered into the employment of, or works under contract of service for an employer." In order to be an "employee", the worker must expect or receive wages or some other benefit in lieu of wages. This means that a person who is a pure volunteer and who receives no money or other compensation is *not* an employee. If a worker receives room, board or some other benefit for work performed, this would be considered an employment relationship.

Exclusions for Corporate Officers and LLC Managers

Corporations and Limited Liability Corporations (LLC's) must maintain workers' compensation insurance coverage. Corporations and LLC's, however, are allowed

to file paperwork to exclude corporate officers and LLC managers from their company's workers' compensation insurance policy. The necessary paperwork is a **Form 29 – Application for Exclusion from the Provisions of the Vermont Workers' Compensation Act**. The officers of a corporation that may be excluded include the president, vice president, secretary, clerk and treasurer. Supporting documentation must be provided. The individual must be a designated officer of record with the Secretary of State or other documentation must be provided indicating such election. Similarly, LLC managers may seek exclusion from coverage with supporting documentation. Exclusion forms are available from the department or on the department website.

Selecting Insurance Coverage

An employer may obtain workers' compensation insurance coverage in the same manner that they obtain any other insurance coverage – from an **insurance agent**. Workers' compensation insurance coverage is *not* available through the State of Vermont Workers' Compensation Division. When shopping for insurance coverage an employer may choose to place all of their insurance needs (i.e. General Liability and Workers' Compensation) with one agent or carrier. Employers should be aware that not all insurance agents or carriers are alike. When shopping for insurance coverage it may be helpful to ask educated questions concerning costs and "claims handling." The carrier should, for example, be able to explain:

- their standard procedure when a claim is filed
- number of claims handled by one claims adjuster
- explain what ongoing contact is provided the employer during the life a claim
- how the employer can minimize their risk

Cost of Insurance

Nearly half of Vermont employers pay less than \$1000 per year for workers' compensation insurance coverage. The average net cost of such insurance for *all* Vermont employers is 4.26% of payroll.¹

The cost of an employer's workers' compensation insurance may vary based upon the following:

- whether they can obtain coverage in the Voluntary Market (vs. Assigned Risk Market)
- size of business; payroll
- newness of business
- type of work performed
- safety record

Vermont has an open competition insurance market in which different insurance carriers can offer workers' compensation insurance to a given employer at a different rate. Very small employers, new employers or employers with poor safety records may not be able to locate coverage in the voluntary market and may be placed into the Assigned Risk Market.

The type of work performed is another significant cost consideration. For workers' compensation insurance purposes, work is classified into over 600 "**job classifications**". An insurance carrier will likely charge an employer more to cover more hazardous job classifications, due to higher anticipated "loss-costs".

The employer's **safety record** is another significant factor in determining insurance cost. An employer with a good safety record with a good experience rating may be perceived as a better risk than another employer with a poor safety record and a high experience rating. An employer with a good safety record may find they have more choices when selecting insurance coverage.

Classification Code

Many employers are aware that the classification code or "class code" assigned for their workers helps define their insurance cost. For this reason, many employers question their assigned class code. If an employer wishes to verify their class code they may contact the National Council of Compensation Insurance (NCCI) at (800) 622-4123.

The "Voluntary Market"

Not all employers can obtain workers' compensation insurance coverage in the voluntary market. As indicated above, a new or small employer or an employer with a poor safety record may not be able to find coverage in the voluntary

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market. In the event coverage is not available in the voluntary market, the employer must still obtain workers' compensation insurance coverage through the Assigned Risk Market.

Assigned Risk Market - Employers who must obtain coverage in the Assigned Risk Market will likely pay more for their insurance coverage than the same coverage in the voluntary market. "Assigned risk" also means assigned placement. The employer may have no choice or limited choice over their insurance carrier or options regarding their coverage. Also, an employer with a poor safety record or poor claims history may be charged more for their insurance.

Insurance Worth The Cost - The costs of insurance may seem high to some employers but it is well worth the expense. The cost of a workers' compensation claim varies tremendously depending upon the seriousness of the work injury. One claim, however, may run into tens of thousands of dollars, significantly more than the cost of insurance. Employers may not recognize their savings until after a claim is filed and the expenses of that claim paid for by their insurance carrier.

Do's and Don'ts - Employers should be aware that there are laws and rules concerning workers' compensation that they are expected to follow. Here are just a few guidelines for employers to be aware of:

1. An employer must maintain workers' compensation insurance
2. An employer cannot charge employee(s) or deduct from their pay the cost of workers' compensation insurance coverage.
3. An employer may not seek to obtain a lower insurance premium through any willful misrepresentation.

Note: An employer may be subject to an Administrative Penalty and monetary fine if charged with any of the above, after an opportunity for hearing and adjudication.

More Information

More information concerning workers' compensation insurance is available on the Departments of Labor & Industry and Banking, Insurance, Securities & Health Care Administration websites as follows:

www.state.vt.us/labind/wcindex.htm and www.bishca.state.vt.us/InsurDiv/workerscomp_resources.htm
*2001 figure. Figure will likely change each year.

The Department of Employment & Training is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. TDD: (802) 828-4203.
