

The Vermont Labor Market

Departments of Employment & Training / Labor & Industry

Vermont Department of

Employment & Training

June 2003

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

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Commissioner's Message

Training Funds Available

As I write this, the department is about to release two requests for proposals to provide training to unemployed and under-employed adults. Both requests have the same goals and will be funded from the Workforce Education and Training Fund. A goal of the fund is to help employers sustain and grow jobs by ensuring that its current and future workers have skills that keep the business competitive. Another goal is to give workers skills that will put them on a path to good paying jobs, defined by the Legislature as jobs paying twice the minimum wage or 150 percent of the minimum wage including benefits.

My purpose in writing this article is to encourage employers to think about the opportunity the Fund provides. Take some time to think again

(Continued on page 2)

The Edge

Union Membership

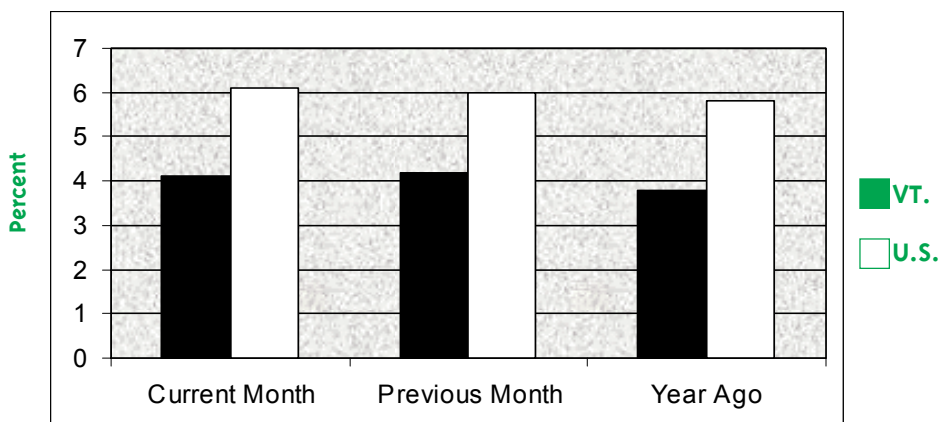
In 2002, 9.5 percent of wage and salary workers in Vermont were union members, down from 10.8 percent in 2001. Vermont has never been a heavily unionized state, and currently ranks about 28th in the nation. The drop in union membership is also reflected in the national scene. In a recent news release, the Bureau of Labor Statistics (BLS) reported a decrease in union membership from 13.4 percent in 2001 to 13.2 percent in 2002. Although this seems insignificant, union membership has been falling steadily since 1983 when slightly over one-fifth of all workers were members of unions.

Not surprisingly, union membership fell in 33 states and the District of Columbia in 2002; only 15 states registered increases. States with highest membership rates include: New York, Hawaii, Alaska, and Michigan. Lowest rates

(Continued on page 2)

Unemployment Rates Vermont and U.S.

May (SA) 2003 Rates
VT 4.1% • U.S. 6.1%



Commissioner's Message –

(continued from front page)

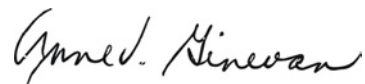
about the skills your workers need, determine if an opportunity exists to develop those skills and, if not, communicate the need to a public or private post-secondary school, or local technical center. Only schools and other training providers can receive grants from this fund but they must have one or more active employer partners.

In the past money from the fund has been used to meet a wide variety of needs. Examples include, two educational institutions working together to provide a mixture of classroom and interactive television classes to meet the nursing shortage of hospitals in areas without a local nurse training program, several manufacturers working with Vermont Technical College to give experienced mechanical maintenance workers the electronic skills necessary to maintain newer machinery, and financial industry employers working with the technical center and Community College to provide workers industry specific computer applications skills.

As I stated above, this year the department will issue two requests for proposals. One request will seek larger program proposals, costing up to \$100,000. The process for the larger proposals is similar to the one used in the past. Local Workforce Investment Boards will read and evaluate proposals. Proposals recommended by Local Workforce Boards will then be reviewed by a committee consisting of business and DET staff who will select those for funding,

The other request for proposals is targeted to smaller projects seeking up to \$10,000, and the process is streamlined. These mini-grants will first be reviewed by the local Workforce Investment Board. Applications for mini-grants will be accepted on a continual basis until funds are exhausted. The Workforce Investment Board will forward the proposals they believe warrant funding directly to me. The funding decision will be made within 10 days of hitting my desk. I have set aside \$80,000 of the \$370,000 total Workforce Education and Training Fund for these smaller proposals.

Applications for the Mini-Grants, and the RFP/Application for regular Workforce Education and Training Fund grants will be available on July 1, 2003, at <http://www.det.state.vt.us/> or in printed form. If you wish to be notified when applications are available electronically, or to receive a hard copy when available, please contact Lori Camp at (802) 828-4301, or by e-mail at lcamp@det.state.vt.us.



The Edge - *(continued from front page)*

are reported in North Carolina and South Carolina. These states have continued to have the lowest union membership rates ever since the state series became available.

Other highlights from the 2002 data are:

- Men are more likely to be union members than women
- Union membership for blacks was unchanged, and remained higher than the rates for either whites or Hispanics.
- Nearly 4 in 10 government workers were union members in 2002, compared with less than 1 in 10 workers in the private sector.
- Workers in the protective services (which include firefighters and police officers) had the highest union membership of any broad occupational group, and has had since 1983.

In 2002, full-time wage and salary workers who were union members had median weekly earnings of \$740, compared with \$587 for workers who were neither members nor represented by unions. The difference, however, reflects other influences in addition to union representation, including distribution by occupation, industry, firm size and geographic region. Manufacturing and construction are traditionally highly unionized industries, and tend to pay relatively high wages; professional specialty workers, a group that includes teachers, also had a higher-than-average union membership in 2002, at 19.2 percent.

**For more detailed information please see entire article at:
www.bls.gov/news.release/union2.nr0.htm**



DET Notebook

Franklin County keeps growing and growing and growing...

Okay, so I stole that from a sign in front of Energizer. I don't think they'll mind. They **are** doing just that...growing. In fact, there are a lot of businesses in Northwestern Vermont that are currently undergoing tremendous expansions. And DET is involved in all of them. We are now recruiting for Vermont Precision Tools, Energizer and Mylan Technologies. All of these companies have plans for major expansions over the next five years with a job creation estimate of at least 300 new employees. Partnerships abound in Franklin County and DET is a vital player in our economic community.

We are currently working on a Community Development Block Grant (CDBG) in

collaboration with the Franklin County Industrial Development Corporation (FCIDC), the Northwest Regional Planning Commission (NRPC) and the Franklin/Grand Isle Workforce Investment Board (FGIWIB). This grant will inject \$500,000 over the next two years into our region for incumbent worker training. As a pilot project, DET has been instrumental in providing labor market statistics and other needed information. We have also given support to a Department of Labor grant for our local LNA training and were the catalyst of a Rural Business Enterprise Grant (RBEG). The RBEG was actually started by an employer calling our CRC. From there, we connected with FCIDC, FGIWIB and our local USDA office. Phil Fagan of the Vermont Training Fund (VTF), under the Vermont Department of Economic Development, has also been

touring Franklin County. This year's VTF budget is \$900,000 and you can bet that Franklin County will do its best to get a fair share. Networking and partnering in Franklin County is the impetus for how things get done.

So, how do we network in our community? Once a month, representatives from DET, FCIDC, FGIWIB, NRPC, USDA, Small Business Development Center (SBDC), Economic Development Council of Northern Vermont (EDCNV), the Franklin County Regional and Lake Champlain Islands Chambers of Commerce get together for lunch. Nothing formal, nothing fancy, just lunch. It is here that we discuss current news, information, updates and general topics of interest to our community. It seems so simple, yet it is invaluable and not widely replicated throughout our state.

I am setting a challenge. Be the leader in your community. Gather the people at the table that are vital to the economic well being of your area and have lunch. Nothing formal, nothing fancy, just lunch. But not just one lunch. If your partnership is to be successful, it has to keep going and going and going...

Economic Spotcheck

Local Unemployment Rates (Not Seasonally Adjusted)

Town/City*	May '03	Apr. '03	May '02
Barre City	5.8	8.5	5.8
Barre Town	2.0	2.8	2.0
Bennington Town	4.9	5.9	5.4
Brattleboro Town	3.6	4.1	2.9
Burlington City	3.7	3.6	3.0
Colchester Town	2.9	3.2	2.4
Essex Town	2.6	2.8	2.3
Hartford Town	1.7	2.3	1.2
Middlebury Town	1.6	2.5	1.8
Milton Town	3.1	4.4	3.2
Montpelier City	1.8	2.4	1.7
Rutland City	4.0	3.6	3.7
St. Albans City	2.4	3.8	2.6
St. Johnsbury Town	5.3	7.6	6.0
So. Burlington City	2.4	2.6	1.9
Springfield Town	7.4	7.6	7.7

*16 Largest Towns in Vermont

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

	May 2003	Apr. 2003	May 2002
All Items Index	183.5	183.8	179.8
Annual Percent Change	2.1	2.2	1.2

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 May employment fell slightly, losing 700 from the previous month with 337,500 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 was almost unchanged, dropping by only 100 from the previous month to 303,300. Construction lost an estimated 300 jobs, signaling weaker seasonal activity. Manufacturing also took a slight downturn, also losing 300. Education & health services contributed the largest increase, adding 1,300 jobs. This reflects both strength and a certain amount of volatility in the data. Leisure & hospitality presented a relatively healthy gain over the month, adding 500 jobs in May.

The more detailed unadjusted estimates increased by almost 1,400 in May, with construction leading the way in terms of growth, adding 1,200 and reflecting seasonal expansion. Retail trade jumped almost 600 in May, primarily due to some fairly typical seasonal activity in the industry. Administrative support services proved to be relatively healthy, adding 600 jobs. Temporary services and landscaping services which make up part of this industry contributed to the gain. Food services added almost 700 jobs as many seasonal locations opened and others added seasonal help. Accommodations, which contain hotels, motels & resorts, experienced the largest decline. Seasonal activities came to an end at facilities surrounding ski areas,

contributing to a majority of the loss. Educational institutions reported fairly typical seasonal cuts as the term came to an end for some.

The preliminary May estimates reflect an annual increase of almost 1.0%. The change in private sector employment is still modest and not significantly different from zero (statistically). Health care & social assistance added the most jobs over the year contributing an additional 1,250 jobs. Manufacturing lost 3,000 jobs over the year, partially off-setting the gain. Leading the way within manufacturing was computer & electrical equipment, which was down almost 1,200.

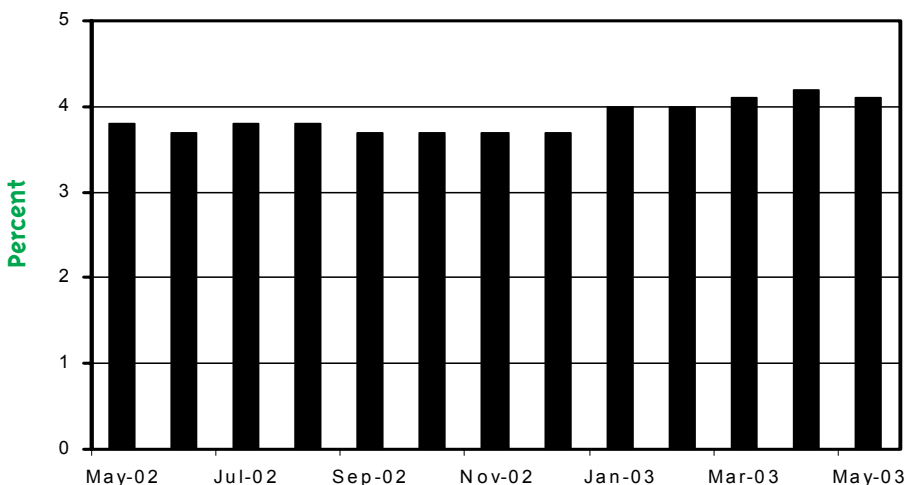
Unemployment Trends

Vermont's seasonally adjusted May unemployment rate of 4.1 percent was down one tenth from the revised April rate of 4.2, with an estimated 14,500 Vermonters unemployed during the month.

The comparable national unemployment rate was 6.1 percent for May, up one tenth from April. Vermont continues to be well under the national rate.

The number of initial claims for Unemployment Insurance filed in May decreased significantly from the previous month. Services industries had the largest decline in terms of claims. Certain seasonal industries are found here along with temporary service agencies, which could have been a contributor as well. Construction also had a downturn as warmer weather facilitated more seasonal hiring.

Vermont Seasonally Adjusted Unemployment Rate



Labor Force Estimates *(Seasonally Adjusted)*

Vermont	May '03	Apr. '03	May '02	Changes from:	
				Apr. '03	May '02
TOTAL LABOR FORCE¹	351,900	353,200	348,100	-1,300	3,800
TOTAL EMPLOYMENT	337,500	338,200	335,000	-700	2,500
TOTAL UNEMPLOYMENT	14,500	15,000	13,100	-500	1,400
RATE	4.1	4.2	3.8	-0.1	0.3

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

Labor Market Areas *(Not Seasonally Adjusted)*

	May 2003	Apr. 2003	May 2002		May 2003	Apr. 2003	May 2002
BARRE-MONTPELIER				MORRISTOWN-STOWE			
Labor Force	40,850	40,900	40,000	Labor Force	18,400	18,950	17,800
Unemployment	1,450	1,900	1,400	Unemployment	850	1,200	750
Rate	3.5	4.6	3.5	Rate	4.7	6.5	4.3
Employment	39,400	39,000	38,600	Employment	17,500	17,750	17,000
BENNINGTON-MANCHESTER				NEWPORT			
Labor Force	22,000	21,850	21,400	Labor Force	13,350	13,700	12,900
Unemployment	950	1,100	900	Unemployment	800	1,250	750
Rate	4.3	5.0	4.2	Rate	5.8	9.2	5.7
Employment	21,050	20,750	20,500	Employment	12,550	12,450	12,150
BURLINGTON				RANDOLPH			
Labor Force	106,150	105,450	106,800	Labor Force	6,450	6,500	6,300
Unemployment	3,150	3,550	2,750	Unemployment	250	350	200
Rate	3.0	3.4	2.6	Rate	3.7	5.0	3.0
Employment	103,000	101,850	104,050	Employment	6,200	6,200	6,100
ENOSBURG				RUTLAND			
Labor Force	11,350	11,300	10,900	Labor Force	29,700	30,050	29,950
Unemployment	550	800	450	Unemployment	1,600	1,550	1,350
Rate	4.9	7.0	4.0	Rate	5.4	5.2	4.5
Employment	10,800	10,550	10,450	Employment	28,100	28,500	28,600
HARTFORD-LEBANON,VT-NH LMA (VT PORTION ONLY)				ST. JOHNSBURY			
Labor Force	30,250	30,000	30,000	Labor Force	15,250	15,400	14,900
Unemployment	600	750	450	Unemployment	650	950	700
Rate	1.9	2.6	1.5	Rate	4.4	6.1	4.8
Employment	29,650	29,200	29,600	Employment	14,600	14,500	14,200
KEENE-BRATTLEBORO,NH-VT LMA (ENTIRE AREA)				SPRINGFIELD			
Labor Force	n/a	58,200	56,550	Labor Force	9,750	10,300	9,500
Unemployment	n/a	1,900	1,850	Unemployment	650	650	650
Rate	n/a	3.3	3.3	Rate	6.6	6.5	6.6
Employment	n/a	56,300	54,650	Employment	9,100	9,650	8,900
MIDDLEBURY				STATEWIDE			
Labor Force	21,350	21,000	20,700	Labor Force	348,800	349,700	345,050
Unemployment	600	800	550	Unemployment	12,900	15,800	11,650
Rate	2.7	3.7	2.6	Rate	3.7	4.5	3.4
Employment	20,800	20,250	20,150	Employment	335,900	333,900	333,350

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:	
	May '03	Apr. '03	May '02	Apr. '03	May '02
Total - All Industries	303.3	303.4	299.9	-0.1	3.4
Private Industries	251.1	251.0	249.2	0.1	1.9
Construction	15.0	15.3	14.9	-0.3	0.1
Manufacturing	38.5	38.8	41.4	-0.3	-2.9
Retail Trade *	40.6	40.6	40.3	0.0	0.3
Professional & Business Services	21.0	20.8	20.4	0.2	0.6
Education & Health Services	51.9	50.6	50.2	1.3	1.7
Leisure & Hospitality *	33.6	33.1	33.0	0.5	0.6
Total Government	52.2	52.4	50.7	-0.2	1.5

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

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

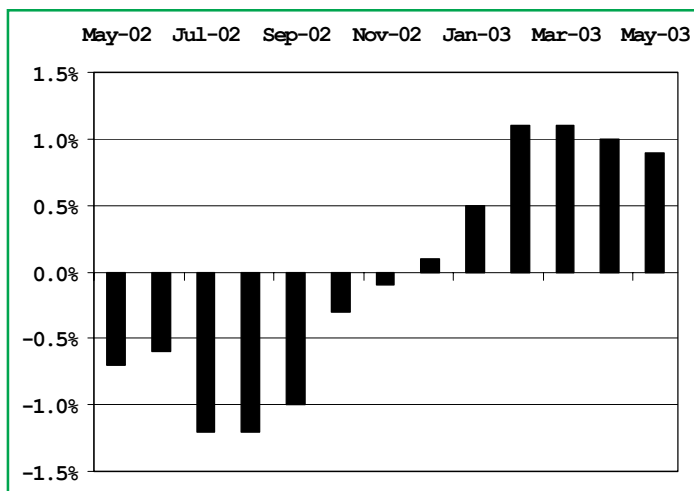
All seasonal adjustment performed with X12-ARIMA. Seasonal factors available from DET/LMI on request.

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

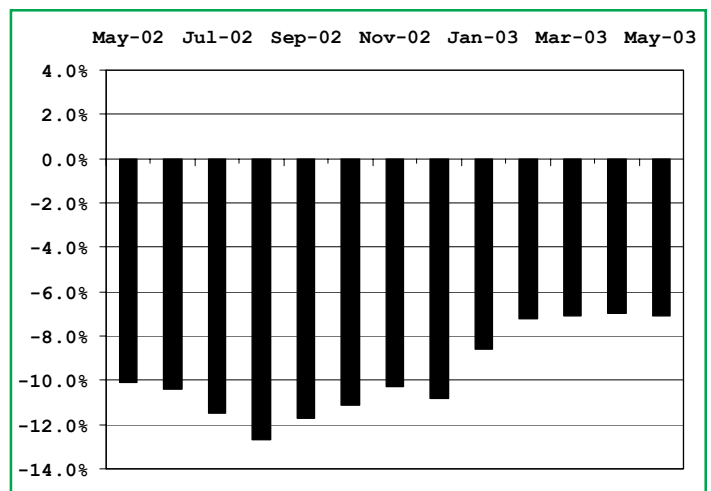
Vermont Annual Job Growth

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:	
	May '03	Apr. '03	May '02	Apr. '03	May '02
TOTAL NONFARM	301,700	300,350	299,150	1,350	2,550
TOTAL PRIVATE	247,550	245,900	246,500	1,650	1,050
GOODS PRODUCING	54,650	53,450	57,600	1,200	-2,950
MANUFACTURING	38,450	38,500	41,350	-50	-2,900
Durable Goods	27,800	27,750	30,250	50	-2,450
Computer & Electrical Equipment Mfg.	10,350	10,350	11,550	0	-1,200
Fabricated Metal Product Mfg.	2,750	2,750	2,900	0	-150
Machinery Mfg.	3,050	3,050	3,200	0	-150
Transportation Equipment Mfg.	2,350	2,350	2,400	0	-50
Furniture & Related Product Mfg.	2,500	2,450	2,800	50	-300
Non-Durable Goods	10,650	10,750	11,100	-100	-450
Food Mfg.	3,750	3,750	3,950	0	-200
CONSTRUCTION	15,050	13,850	15,250	1,200	-200
NATURAL RESOURCES & MINING	1,150	1,100	1,000	50	150
SERVICE-PROVIDING	247,050	246,900	241,550	150	5,500
TRADE TRANSPORTATION AND UTILITIES	59,750	59,150	58,550	600	1,200
Wholesale Trade	10,600	10,650	10,000	-50	600
Retail Trade	40,250	39,700	39,800	550	450
Food & Beverage Stores	9,900	9,900	9,800	0	100
General Merchandise Store	3,350	3,300	3,350	50	0
Transportation, Warehousing and Utilities	8,900	8,800	8,750	100	150
Utilities	1,700	1,700	1,700	0	0
Transportation & Warehousing	7,200	7,100	7,050	100	150
INFORMATION	6,800	6,650	6,700	150	100
FINANCIAL ACTIVITIES	13,150	13,200	13,100	-50	50
Finance & Insurance	10,100	10,200	10,050	-100	50
Real Estate, Rental & Leasing	3,050	3,000	3,050	50	0
PROFESSIONAL AND BUSINESS SERVICES	20,950	20,500	20,500	450	450
Professional, Scientific and Technical	12,200	12,300	12,150	-100	50
Administrative, Support and Waste	8,600	8,000	8,000	600	600
EDUCATIONAL AND HEALTH SERVICES	51,850	52,150	50,350	-300	1,500
Educational Services	12,700	12,900	12,450	-200	250
College, Universities and Professional	6,950	7,250	6,900	-300	50
Health Care and Social Assistance	39,150	39,250	37,900	-100	1,250
Ambulatory Health Care Services	15,350	15,450	14,900	-100	450
Hospitals	10,250	10,300	9,850	-50	400
Nursing and Residential Care Facilities	6,700	6,600	6,400	100	300
LEISURE AND HOSPITALITY	30,300	30,550	29,750	-250	550
Arts, Entertainment and Recreation	3,750	2,750	3,800	1,000	-50
Accommodation and Food Services	26,550	27,800	25,950	-1,250	600
Accommodations	8,600	10,500	8,450	-1,900	150
Hotel & Motels	7,400	9,700	7,400	-2,300	0
Food Services and Drinking Places	17,950	17,300	17,500	650	450
OTHER SERVICES	10,100	10,250	9,950	-150	150
GOVERNMENT	54,150	54,450	52,650	-300	1,500
Federal Government	6,200	6,300	5,750	-100	450
State Government Education	8,100	8,750	7,350	-650	750
Local Government Education	23,900	23,550	23,800	350	100
Other State Government	9,250	9,250	9,200	0	50
Other Local Government	6,700	6,600	6,550	100	150

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:	
	May '03	Apr. '03	May '02	Apr. '03	May '02
TOTAL NONFARM	108,400	107,350	109,250	1,050	(850)
TOTAL PRIVATE	89,950	88,600	91,500	1,350	(1,550)
GOODS PRODUCING	20,200	19,750	22,600	450	(2,400)
MANUFACTURING	15,250	15,150	17,500	100	(2,250)
Durable Goods	12,100	11,850	13,700	250	(1,600)
Natural Resources and Mining	4,950	4,600	5,100	350	(150)
SERVICE PROVIDING	88,200	87,600	86,650	600	1,550
TRADE, TRANSPORTATION AND UTILITIES	21,050	20,650	21,100	400	(50)
Wholesale Trade	3,700	3,700	3,650	0	50
Retail Trade	14,400	14,050	14,400	350	0
Transportation, Warehousing & Utilities	2,950	2,900	3,050	50	(100)
INFORMATION	3,150	3,050	3,150	100	0
FINANCIAL ACTIVITIES	5,450	5,350	5,300	100	150
PROFESSIONAL & BUSINESS SERVICES	10,300	10,150	9,550	150	750
Professional Scientific and Technical	6,650	6,650	6,200	0	450
EDUCATIONAL & HEALTH SERVICES	17,200	17,400	17,000	(200)	200
Health Care and Social Assistance	13,750	13,950	13,500	(200)	250
LEISURE AND HOSPITALITY	9,050	8,650	9,200	400	(150)
Accommodation and Food Services	7,500	7,400	7,400	100	100
Food Services and Drinking Places	6,200	6,200	6,150	0	50
OTHER SERVICES	3,550	3,600	3,600	(50)	(50)
GOVERNMENT	18,450	18,750	17,750	(300)	700
Federal Government	2,950	2,950	2,500	0	450
State Government Education	5,650	6,050	5,650	(400)	0
Local Government Education	6,150	6,150	6,050	0	100
Other State Government	1,500	1,500	1,600	0	(100)
Other Local Government	2,200	2,100	1,950	100	250

Barre-Montpelier

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

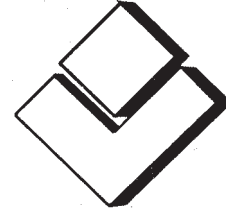
Unemployment Insurance Program Summary

	May 2003	April 2003	May 2002	Percent Change From	
				Last Month	Last Year
UI Trust Fund	\$263,361,704	\$255,606,560	\$309,476,736	3.0%	-14.9%
UI Reg. Benefit Payments *	\$7,375,917	\$9,860,850	\$6,987,867	-25.2%	5.6%
UI Initial Claims	3,747	5,954	3,113	-37.1%	20.4%
UI Weeks Claimed	34,036	44,753	32,878	-23.9%	3.5%

**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(\$)		
	May '03 Prelim.	Apr. '03 Revised	May '02 Revised	May '03 Prelim.	Apr. '02 Revised	May '02 Revised	May '03 Prelim.	Apr. '03 Revised	May '02 Revised
GOODS PRODUCING	584.38	583.99	582.14	39.7	39.7	39.9	14.72	14.71	14.59
Natural Resources & Mining	457.95	458.28	452.88	33.5	33.5	33.3	13.67	13.68	13.60
Construction	603.68	601.75	622.16	39.2	39.1	40.4	15.40	15.39	15.40
Manufacturing	581.45	581.85	571.37	40.1	40.1	39.9	14.50	14.51	14.32
Durable Goods	603.45	602.36	593.07	40.5	40.4	40.4	14.90	14.91	14.68
Non-Durable Goods	515.58	516.75	500.04	39.0	39.0	38.2	13.22	13.25	13.09
SERVICE PROVIDING									
Wholesale Trade	626.50	624.71	637.25	35.0	34.9	35.7	17.90	17.90	17.85
Retail Trade	361.73	362.92	347.21	30.5	30.6	29.4	11.86	11.86	11.81
Health Care & Social Assist.	534.28	536.38	523.01	29.6	29.7	29.3	18.05	18.06	17.85
BURLINGTON AREA									
Manufacturing	569.64	571.53	579.77	37.6	37.7	38.6	\$15.15	\$15.16	\$15.02



Commissioner's Message

Top Ten List

Back in March, I used this space to discuss the relationship between workplace safety and workers' compensation. In a perfect world, free of work-related accidents, there would be no need for workers' comp insurance. But we all know that this isn't a perfect world. Workplace accidents do happen and employees do get injured.

The Department of Labor & Industry encourages all employers, big and small, to be proactive about workplace safety. Many of our most common workplace injuries can be prevented, or at least minimized, by focusing training and safety efforts on those injuries common to your business or profession. For example, the leading cause of lost time injuries for carpenters, nurses, manufacturing workers and truck drivers is strain due to lifting heavy objects. Training on proper lifting techniques may prevent many of those injuries.

With all due credit to David Letterman, here are the "Top Ten Disabling Work Injuries" in Vermont for fiscal year 2002:

1. Lower back strain (1,153 injuries)
2. Shoulder (upper extremity) strain (251)
3. Knee strain (230)
4. Finger laceration/abrasion (212)
5. Knee contusion (129)
6. Lower back contusion (120)
7. Ankle strain (118)
8. Foreign body in eye (98)
9. Strain, multiple body parts (98)
10. Contusion, multiple body parts (76)

Many of these injuries could have been prevented. As mentioned earlier, proper lifting techniques and a recognition of your physical limitations can prevent or minimize strain. Workgloves can prevent cuts on your fingers and hands. Protective goggles can prevent injuries to the eye. These are simple, inexpensive, common-sense solutions that have the potential of dramatically reducing the number of job-related injuries in Vermont. As the number of workplace injuries go down, our state's overall workers' compensation costs will come down as well.

If you are an employer who would like to find out what more you can do to promote safety in your workplace, an excellent place to start might be your workers' comp insurer. Most insurers will, as a service to their customers, review your workplace safety plans and recommend areas for improvement. Project Work-SAFE, a division of this Department, is also available to help you with an on-site or off-site workplace safety consultation (call 1-888-SAFE-YES). Some industries groups, such as Associated General Contractors (AGC) and Associated Industries of Vermont (AIV) also sponsor workplace safety training programs.

Again, be proactive about safety in your workplace. Find out what are the most common injuries in your workplace and in your particular industry, develop a plan to eliminate or reduce those injuries, and then work with your employees to implement that plan. In short, create a culture of safety in your workplace.

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Labor & Industry

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Subcontractors and Workers' Compensation

If you use independent contractors in your business, you are responsible for insurance if:

1. The subcontractor does not have coverage; or
2. The subcontractor does not meet the definition of a contractor under the law.

The independent contractor needs coverage **any** time they have a worker on the job, even temporarily.

Confirm Subcontractor Coverage

The law does not require a single individual acting as a contractor to carry worker's compensation insurance, however, any contractor with one or more employees must provide coverage for those employees. Contractors who carry insurance should be able to show you a document called a certificate of worker's compensation insurance as verification, as distinguished from many other types of certificates of insurance. Make sure the period of time covered by the certificate is sufficient to complete the project. If you have any reason to question the certificate, you should call the insurance company that issued it.

Word of caution: If the coverage lapses before a project is finished, the contractor must renew it, or else responsibility for the coverage will default to you. You would not necessarily

know about any lapse, but you would then be liable for any penalties connected to failure to provide coverage. Since these penalties can be serious, to be safe, you may simply want to purchase coverage for all your contractors while they are on the job. This may also be wise if you have any uncertainty about whether someone qualifies by definition as an independent contractor.

Independent contractor must qualify by definition

Calling someone a contractor does not automatically relieve you of the responsibility to carry worker's compensation insurance. The law presumes that you have an employment relationship with a worker hired or contracted by you. You bear the burden of proof in showing that the injured person qualifies as an independent contractor and not an employee. A good rule of thumb is to regard anyone you pay as an employee. However, the law does look at specific circumstances concerning the work that is performed.

The primary tests applied to determine whether a worker is an independent contractor are the "nature of control" test and the "nature of the business" test. The first test considers whether you control the worker. The second test asks:

1. Is the work performed normally carried out by an employee of business?
2. Are the worker's work activities integral to the employer's regular business?

If you exert control over the work performed or the work that is performed is integral to your business, then your contractor is considered an employee and coverage is required.

Examples

Some examples of workers in actual work situations can further clarify when a worker is an employee vs. an independent contractor:

1. Truck driver. Business owner hires worker to drive a truck. Owner instructs worker on maintaining, parking and loading truck; provides travel routes; issues rules against driving in inclement weather; pays maintenance and fuel costs and handles all contracting with third parties. These facts establish an employee-employer relationship.

2. Electrical worker. A general contractor hires an electrical business to perform work on new home construction. The electrician's employee is injured and collects workers' compensation under the electrician's policy. The employee also files a negligence suit against the general contractor. The general contractor as the operator or owner of the property is also considered an employer, thus the employee is limited to the exclusive remedy of workers' compensation and is barred from the claim against the general.

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Frequently Asked Questions

Q. I have used independent subcontractors in past years for my business and have never incurred premium charge for my subs. My insurance carrier performed an audit and claims that my subcontractors are employees and not independent subcontractors and are charging premium not only for this year but for prior years? Do I have any recourse?

A. An insurance company may conduct audits within three years after the policy period ends. The terms of the standard Workers' Compensation policy establishes the carrier's contractual right to charge the insured for sole proprietor subcontractors and all other subcontractors unless they can produce proof of workers compensation coverage.

Q. I hired a sole proprietor who calls himself an independent contractor. He signed an agreement to this effect and I pay him as an independent contractor. He was hurt working and now claims he is an employee under workers' compensation. Can he do this?

A. Yes. When a workers' compensation claim is filed, the facts surrounding the work relationship are reviewed. A written or verbal agreement may be factors that are considered in deciding whether the worker was an employee, however, review of all of the evidence concerning the work relationship, the nature of your business and the control over how the work is performed will all be considered.

An employer who believes that the insurance carrier is behaving in an unfair manner can request the assistance of NCCI in resolving their dispute. NCCI's dispute resolution assistance and administration of an appeal process, provides an opportunity for employers and carriers to efficiently resolve conflicts. For more information you can contact your agent or file a complaint with the Department of Banking, Insurance, Securities and HealthCareAdministration.