

The Vermont Labor Market

Departments of Employment & Training / Labor & Industry

Vermont Department of

Employment & Training

October 2004

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

Labor & Industry section
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Commissioner's Message

Good News For People With Disabilities

New Employment-Related Programs Reach Out to Vermonters

Leading economists agree that Vermont will be facing a severe labor shortage in the near future. At a recent conference of the Human Resources Investment Council, Dr. Joseph Stoltz, Regional Administrator for Region I of the U.S. Department of Labor's Employment and Training Administration, eloquently spoke of the diminishing labor force and the need to prepare workers to compete successfully with overseas labor markets.

The State of Vermont is doing all it can to ensure a qualified labor pool. Part of that effort is to focus on an un-tapped source of reliable and qualified workers – people with disabilities. Below are highlighted some of these efforts:

SSDI Pilot Project

Governor James Douglas recently proclaimed October as Diversity and Disability Employment Awareness Month. In making the proclamation, Governor Douglas announced that Vermont is joining with the Social Security Administration to pilot a new work incentive program for those people with disabilities who

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The Edge

English Language Assistance

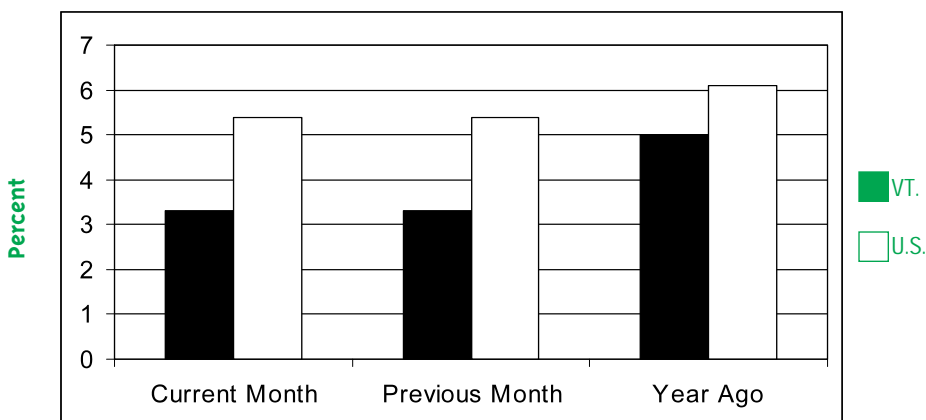
"The benefits of language-assistance services for particular LEP (Limited English Proficiency) individuals, while not readily quantifiable in dollar units, can be significant. Improved access to a wide variety of services - ranging from the delivery of healthcare and access to food stamps to motor vehicle licensing and law enforcement - can substantially improve the health and quality of life of many LEP individuals and their families. Moreover, [it] may increase the efficiency of distribution of government services to LEP individuals and may measurably increase the effectiveness of public health and safety programs." From the Executive office of the President, 2002

In an effort to more effectively serve our customers, the Department of Employment & Training (DET) has pledged to provide meaningful access to all of its programs and services for persons with limited English proficiency. DET staff will soon have the opportunity to attend trainings that will enhance their knowledge of what tools are available, resources to tap,

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Unemployment Rates Vermont and U.S.

September (SA) 2004 Rates
VT 3.3% • U.S. 5.4%



Commissioner's Message –

(continued from front page)

receive Social Security Disability Insurance benefits (SSDI). Vermont is a national leader in promoting employment of people with disabilities and is one of four states embarking on this exciting new project.

Because of this program, more SSDI beneficiaries will be able to return to work, reducing the reliance on benefits drawn from the Social Security Trust Fund and ultimately helping to save the Trust Fund. "We all know the Trust Fund is under increasing pressure", said pilot director James Smith with the Division of Vocational Rehabilitation. "The contributions of wage earners can't keep pace with the growing number of retirees drawing benefits. One way to fix this is to turn beneficiaries into contributors by helping people with disabilities on SSDI return to work."

Social Security Disability Insurance (SSDI) is a vital safety net for people who have had to stop working because of a disability. SSDI beneficiaries receive a monthly cash benefit based on their work history, plus Medicare health coverage. In Vermont, about 11,500 people receive SSDI benefits. Unfortunately, people on SSDI often feel trapped by the program into ongoing poverty and dependence. A significant number of SSDI beneficiaries want to try to return to work, either full-time or part-time. But the program is designed with a built-in disincentive. If a person earns less than \$810 a month, that person keeps their entire SSDI check. If they earn more than \$810 a month, they lose the entire check. This pilot program would provide for a gradual reduction in benefits – a \$1 reduction in benefits for every \$2 earned – so that individuals with disabilities will have an incentive to return to work without plunging back into poverty.

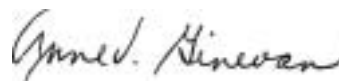
"This is a major honor for Vermont, being able to make a significant contribution in a national policy crisis," noted Diane Dalmasse, Director of the State's Vocational Rehabilitation agency. "It's also an incredible opportunity for Vermonters with disabilities who receive SSDI to improve their lives."

Advancing Employment in State Government

In other news, the Department of Personnel (DOP) in collaboration with the Department of Employment and Training (DET) and the Division of Vocational Rehabilitation (DVR) reviewed recruitment and hiring practices to ensure people with disabilities are given every opportunity to apply for jobs in State government. The State of Vermont is committed to providing accommodations and supports for people with disabilities to apply for State government positions. "Expanding our recruitment outreach effort is one important part of our continuing process of creating an inclusive and diverse workforce." (State of Vermont Diversity Outreach Study, 2003.) The DOP website now has a page devoted to disability-related information about how to obtain assistance.

"In addition, retaining our existing workforce is equally important...The responsibility for retaining employees rests with the leadership of State government, including supervisors and managers, who must strive to create an accountable, respectful, and tolerant environment for all employees. Supervisors and managers are learning to manage a diverse workforce and serve as role models as they create an environment where diversity is welcome and diverse talents are challenged to enhance the service delivery to our citizens." (State of Vermont Diversity Outreach Study, 2003.) Efforts will be made to assist personnel responsible for hiring within State government to support people with disabilities in the application process and on the job.

The Division for Vocational Rehabilitation last year assisted over 1300 individuals in finding or maintaining employment. Vermont continues to demonstrate its commitment to promoting employment for people with disabilities.



The Edge - *(continued from front page)*

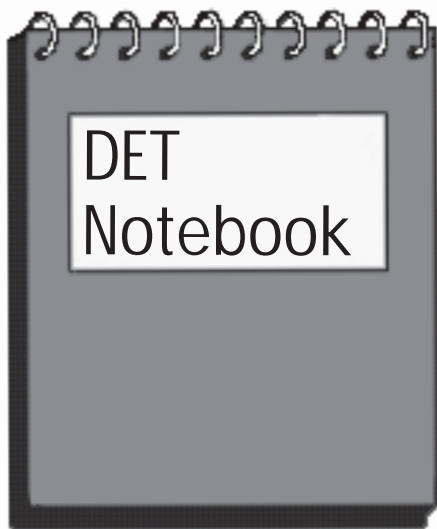
and services that can assist individuals who are limited in their ability to communicate in the English language.

Language Identification or "I Speak" flashcards will be available at all district office reception areas and the main lobby at 5 Green Mountain Drive (Central Office). "Mark this box if you read or speak _____" is listed in 38 languages on the cards.

DET has used Language Line Enterprises (LLE_Link), which offers telephone interpretation services, for more than five years to help with the Unemployment Insurance claims process. Additional staff will receive instruction in order to be able to explain all necessary information to the interpreter on the line, as well as to read any documents that require explanation to the client. Clients requiring language and interpretive assistance will receive service in accordance with time lines established for English-speaking clients.

Sometimes it is difficult to know whether a client needs an interpreter. In some cases the client may speak enough English to communicate at a basic level, however they may not understand information about benefits or programs. Our staff will be trained to ask the kinds of questions that determine a client's need for in-person language interpretation skills.

The Governor has proclaimed October Diversity and Disability Employment Month. In order for DET to provide the services that help all Vermonters, as diverse and able as they are, to secure employment and/or services that support both them and our employers, understanding the resources to help those with limited English is paramount to our success.



CONNECTIONS

Connecting job seekers and employers is a major role of the Career Resource Centers. We are committed to providing quality services to our employers through job matching and referral.

The St. Johnsbury Career Resource Center in conjunction with Vermont

Job fairs are a great investment for employers and are becoming an increasingly effective recruitment tool.

Broadcast Associates, co-sponsored a job fair for sixteen employers who were seeking to fill several current job openings. The purpose of the event was to connect employers with job seekers, increase the employer job applicant pool, showcase businesses within our region and to allow employers to network. A variety of businesses attended the job fair including representatives of health care, manufacturing, transportation, shipping and sales. Over one hundred and fifty job seekers attended the event and made connections with the local business community.

Employers were provided a table with plenty of space to display their information and products as well as to speak with individuals. Several tables were placed around the venue to allow job seekers room to complete job applications and return them to the employer. The event was marketed on the radio and in newspapers, in order to attract as many job seekers as possible.

Job fairs are a great investment for employers and are becoming an increasingly effective recruitment tool. Business representatives, managers and human resource personnel attending these events get acquainted with job seekers and often schedule interviews as a result of their initial conversations. Employers come to the event prepared with company literature, job descriptions and applications. Job fairs provide an excellent opportunity for employers to screen candidates in person, saving time and resources by bringing in only the most suitable for interviews.

The success of this type of event is measured by the feedback we receive from our business partners. Employers remarked that the applicants were generally well-versed, prepared and enthusiastic. Overall, the employers deemed the job fair a success and hope to make it an annual event.

Economic Spotcheck

Local Unemployment Rates *(Not Seasonally Adjusted)*

Town/City*	Sept. '04	Aug. '04	Sept. '03
Barre City	5.3	6.3	7.7
Barre Town	2.4	2.2	2.9
Bennington Town	4.2	4.6	5.4
Brattleboro Town	3.0	3.1	5.0
Burlington City	3.4	3.1	4.4
Colchester Town	2.3	2.3	4.8
Essex Town	2.3	2.6	6.0
Hartford Town	1.0	1.2	1.7
Middlebury Town	2.0	2.1	2.5
Milton Town	3.2	3.9	6.1
Montpelier City	1.6	1.6	2.5
Rutland City	2.5	2.5	3.5
Shelburne Town	1.7	1.2	2.4
So. Burlington City	1.6	1.6	3.4
Springfield Town	5.2	5.3	6.9
Williston Town	1.1	0.9	3.1

*16 Largest Towns in Vermont

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

	Sept. 2004	Aug. 2004	Sept. 2003
All Items			
Index	189.9	189.5	185.2
Annual Percent Change	2.5	2.7	2.3

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 September employment dropped by 1,700 from the previous month with 340,800 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 non-farm jobs presented an increase for the second month in a row, adding 700 from the revised August estimate. Manufacturing contributed the largest number of jobs, adding 300. It appears Manufacturing has rebounded slightly after a large lay-off last year. Also adding jobs was Government. Seasonal changes in education were most likely the major contributing factor. An increase was also evident in Private Education as many institutions headed into the new school year. Though up only 100 over the month, Health Care & Social Assistance presented its fourth straight increase. Construction dipped slightly as the unadjusted estimate produced a slightly stronger than normal seasonal decline.

The more detailed unadjusted estimates increased by 7,100 from the revised August estimate. Local Education was largely responsible for the jump as the academic calendar year began. The same situation was found in all other areas of education, though increases were more modest in comparison. Transportation & Warehousing, particularly the Transportation component, is also influenced by education and the over the month increase is evidence of that relationship. In contrast, seasonal cuts in Leisure &

Hospitality worked to offset some of the overall increase. However, in comparison to the last several years, the loss was slightly weaker. As the summer season came to an end, Retail experienced its typical seasonal decline, dropping by 700 jobs. September is a month of seasonal changes for many industries, one of which is Construction. The change in weather required many employers to begin their annual lay-offs. Manufacturing was down overall, but losses were moderate and fairly spread out.

The preliminary September estimates reflect an annual increase of 0.7%. The annual change in Private Industry was not considered statistically significant. Health Care & Social Assistance, once again, experienced the largest year to year growth. Finance & Insurance was the largest contributor in terms of job loss. Over the year it was down 300 jobs.

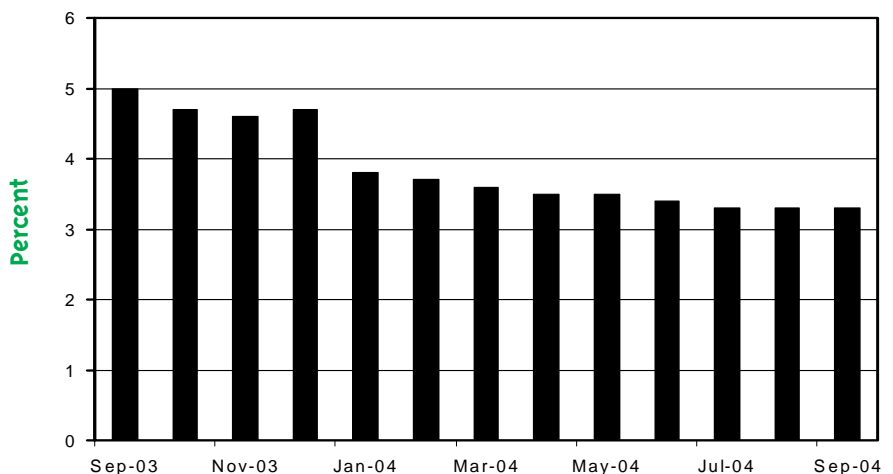
Unemployment Trends

Vermont's seasonally adjusted September unemployment rate of 3.3% was unchanged from the revised August rate. An estimated 11,800 Vermonters were unemployed in September.

The comparable national unemployment rate was 5.4%, also unchanged from the previous month. Vermont continues to be well under the national rate.

The number of initial claims for Unemployment Insurance filed in September was almost flat from the previous month. Virtually offsetting one another were increased claims in Machinery Manufacturing and a fairly similar decline in Service Industries.

Vermont Seasonally Adjusted Unemployment Rate



Labor Force Estimates *(Seasonally Adjusted)*

Vermont	Sept. '04	August '04	Sept. '03	Changes from:	
				August '04	Sept. '03
TOTAL LABOR FORCE¹	352,600	354,300	351,900	-1,700	700
TOTAL EMPLOYMENT	340,800	342,500	334,400	-1,700	6,400
TOTAL UNEMPLOYMENT	11,800	11,800	17,600	0	-5,800
RATE	3.3	3.3	5.0	0.0	-1.7

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

Labor Market Areas *(Not Seasonally Adjusted)*

	Sept. 2004	Aug. 2004	Sept. 2003		Sept. 2004	Aug. 2004	Sept. 2003
BARRE-MONTPELIER				MORRISTOWN-STOWE			
Labor Force	41,250	41,650	40,450	Labor Force	19,000	19,700	19,500
Unemployment	1,200	1,350	1,650	Unemployment	650	650	900
Rate	2.9	3.2	4.1	Rate	3.3	3.4	4.7
Employment	40,050	40,350	38,800	Employment	18,400	19,000	18,550
BENNINGTON-MANCHESTER				NEWPORT			
Labor Force	21,400	21,550	21,900	Labor Force	13,600	13,500	13,900
Unemployment	700	700	950	Unemployment	550	600	850
Rate	3.2	3.3	4.4	Rate	4.0	4.3	6.1
Employment	20,750	20,850	20,950	Employment	13,050	12,900	13,050
BURLINGTON				RANDOLPH			
Labor Force	110,100	110,750	107,600	Labor Force	6,550	6,250	6,650
Unemployment	2,800	2,850	4,800	Unemployment	200	200	300
Rate	2.6	2.6	4.5	Rate	3.3	3.6	4.6
Employment	107,250	107,900	102,800	Employment	6,350	6,050	6,350
ENOSBURG				RUTLAND			
Labor Force	11,300	10,950	11,500	Labor Force	30,700	31,450	30,150
Unemployment	500	500	600	Unemployment	1,150	1,300	1,650
Rate	4.5	4.5	5.4	Rate	3.8	4.1	5.5
Employment	10,800	10,450	10,900	Employment	29,500	30,150	28,500
HARTFORD-LEBANON,VT-NH LMA (VT PORTION ONLY)				ST. JOHNSBURY			
Labor Force	28,450	29,000	29,550	Labor Force	15,450	15,200	15,700
Unemployment	450	500	550	Unemployment	500	500	750
Rate	1.6	1.6	1.9	Rate	3.2	3.4	4.8
Employment	28,000	28,500	28,950	Employment	14,950	14,700	14,950
KEENE-BRATTLEBORO,NH-VT LMA (ENTIRE AREA)				SPRINGFIELD			
Labor Force	59,400	61,000	57,600	Labor Force	9,500	9,500	9,750
Unemployment	1,400	1,650	1,800	Unemployment	400	400	550
Rate	2.4	2.7	3.1	Rate	4.2	4.4	5.8
Employment	58,000	59,350	55,850	Employment	9,100	9,050	9,150
MIDDLEBURY				STATEWIDE			
Labor Force	21,450	21,450	21,850	Labor Force	353,250	356,050	352,250
Unemployment	550	600	700	Unemployment	10,300	10,800	15,300
Rate	2.6	2.8	3.3	Rate	2.9	3.0	4.3
Employment	20,900	20,850	21,100	Employment	342,950	345,250	336,950

*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. Sept. '04	Revised Aug. '04	Revised Sept. '03	Changes From:	
				Aug. '04	Sept. '03
Total - All Industries	302.0	301.3	299.4	0.7	2.6
Private Industries	250.0	249.5	247.1	0.5	2.9
Construction	15.6	15.7	15.6	-0.1	0.0
Manufacturing	37.5	37.2	36.7	0.3	0.8
Retail Trade *	39.3	39.3	39.2	0.0	0.1
Professional & Business Services	20.6	20.7	20.4	-0.1	0.2
Private Ed. Services*	12.8	12.7	12.7	0.1	0.1
Health Care & Social Assistance*	41.4	41.3	40.4	0.1	1.0
Leisure & Hospitality*	32.9	32.8	32.8	0.1	0.1
Total Government	52.0	51.8	52.3	0.2	-0.3

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

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

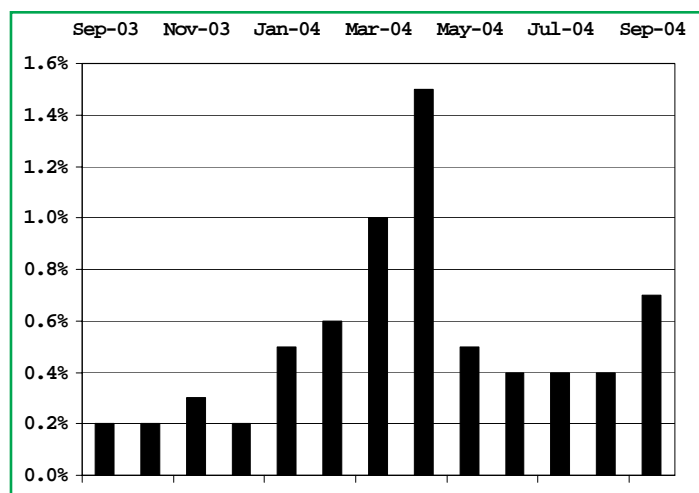
All seasonal adjustment performed with X12-ARIMA. Seasonal factors available from DET/LMI on request.

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

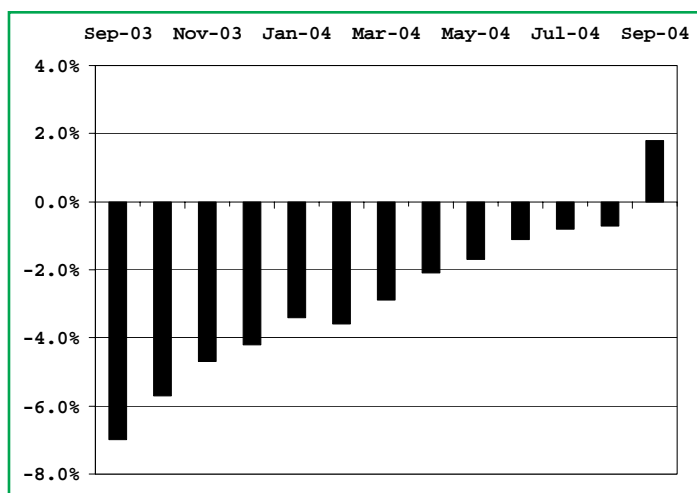
Vermont Annual Job Growth

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:	
	Sept. '04	Aug. '04	Sept. '03	Aug. '04	Sept. '03
TOTAL NONFARM	303,300	296,200	301,300	7,100	2,000
TOTAL PRIVATE	251,000	253,300	248,600	-2,300	2,400
GOODS PRODUCING	55,350	55,950	54,550	-600	800
MANUFACTURING	37,350	37,500	36,700	-150	650
Durable Goods	26,450	26,600	25,950	-150	500
Computer & Electrical Equipment Mfg.	9,400	9,400	8,850	0	550
Fabricated Metal Products Mfg.	2,950	2,950	2,800	0	150
Machinery Mfg.	3,150	3,150	2,950	0	200
Transportation Equipment Mfg.	2,400	2,450	2,250	-50	150
Furniture & Related Product Mfg.	2,500	2,500	2,200	0	300
Non-Durable Goods	10,900	10,900	10,750	0	150
Food Mfg.	3,950	3,950	3,900	0	50
CONSTRUCTION	16,900	17,400	16,850	-500	50
NATURAL RESOURCES & MINING	1,100	1,050	1,000	50	100
SERVICE-PROVIDING	247,950	240,250	246,750	7,700	1,200
TRADE, TRANSPORTATION AND UTILITIES	57,800	58,250	57,750	-450	50
Wholesale Trade	10,150	10,150	10,250	0	-100
Retail Trade	39,000	39,700	39,000	-700	0
Food & Beverage Stores	9,300	9,500	9,300	-200	0
General Merchandise Store	2,900	2,900	2,900	0	0
Transportation, Warehousing and Utilities	8,650	8,400	8,500	250	150
Utilities	1,750	1,750	1,700	0	50
Transportation & Warehousing	6,900	6,650	6,800	250	100
INFORMATION	6,550	6,600	6,450	-50	100
FINANCIAL ACTIVITIES	13,150	13,300	13,250	-150	-100
Finance & Insurance	9,800	9,950	10,100	-150	-300
Real Estate, Rental & Leasing	3,350	3,350	3,150	0	200
PROFESSIONAL AND BUSINESS SERVICES	20,950	21,150	20,700	-200	250
Professional, Scientific and Technical	12,000	12,150	12,100	-150	-100
Administrative, Support and Waste	8,500	8,600	8,300	-100	200
EDUCATIONAL AND HEALTH SERVICES	54,100	52,800	53,050	1,300	1,050
Educational Services	12,900	11,300	12,850	1,600	50
College, Universities and Professional	6,850	6,300	6,700	550	150
Health Care and Social Assistance	41,200	41,500	40,200	-300	1,000
Ambulatory Health Care Services	15,950	16,100	15,600	-150	350
Hospitals	10,350	10,350	10,350	0	0
Nursing and Residential Care Facilities	6,800	6,850	6,600	-50	200
LEISURE AND HOSPITALITY	32,800	34,800	32,650	-2,000	150
Arts, Entertainment and Recreation	4,300	4,450	4,400	-150	-100
Accommodation and Food Services	28,500	30,350	28,250	-1,850	250
Accommodations	10,100	11,600	9,900	-1,500	200
Hotel & Motels	8,950	9,700	8,450	-750	500
Food Services and Drinking Places	18,400	18,750	18,350	-350	50
OTHER SERVICES	10,300	10,450	10,200	-150	100
GOVERNMENT	52,300	42,900	52,700	9,400	-400
Federal Government	6,100	6,050	6,200	50	-100
State Government Education	7,800	6,000	7,850	1,800	-50
Local Government Education	22,150	13,650	22,400	8,500	-250
Other State Government	9,400	9,550	9,450	-150	-50
Other Local Government	6,850	7,650	6,800	-800	50

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:	
	Sept. '04	Aug. '04	Sept. '03	Aug. '04	Sept. '03
TOTAL NONFARM	111,300	108,950	108,350	2,350	2,950
TOTAL PRIVATE	93,150	93,050	90,250	100	2,900
GOODS PRODUCING	21,150	21,350	20,200	-200	950
MANUFACTURING	15,500	15,600	14,600	-100	900
Durable Goods	11,250	11,350	11,000	-100	250
NATURAL RESOURCES, MINING & CONST.	5,650	5,750	5,600	-100	50
SERVICE PROVIDING	90,150	87,600	88,150	2,550	2,000
TRADE, TRANSPORTATION AND UTILITIES	21,100	21,250	20,850	-150	250
Wholesale Trade	3,750	3,750	3,750	0	0
Retail Trade	14,250	14,450	14,000	-200	250
Transportation, Warehousing & Utilities	3,100	3,050	3,100	50	0
INFORMATION	3,350	3,350	3,100	0	250
FINANCIAL ACTIVITIES	5,300	5,400	5,300	-100	0
PROFESSIONAL & BUSINESS SERVICES	9,900	10,050	9,800	-150	100
Professional Scientific and Technical	6,250	6,300	6,000	-50	250
EDUCATIONAL & HEALTH SERVICES	18,500	17,950	17,700	550	800
Health Care and Social Assistance	15,050	14,850	14,300	200	750
LEISURE AND HOSPITALITY	10,150	9,950	9,750	200	400
Accommodation and Food Services	7,750	7,850	7,650	-100	100
Food Services and Drinking Places	6,500	6,550	6,400	-50	100
OTHER SERVICES	3,700	3,750	3,550	-50	150
GOVERNMENT	18,150	15,900	18,100	2,250	50
Federal Government	2,850	2,800	2,850	50	0
State Government Education	5,600	4,600	5,550	1,000	50
Local Government Education	5,450	4,200	5,700	1,250	-250
Other State Government	1,750	1,700	1,650	50	100
Other Local Government	2,500	2,600	2,350	-100	150

Barre-Montpelier

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

Unemployment Insurance Program Summary

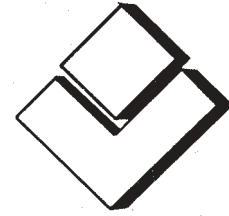
	September 2004	August 2004	September 2003	Percent Change From	
				Last Month	Last Year
UI Trust Fund	\$228,321,126	\$231,640,083	\$251,513,972	-1.4%	-9.2%
UI Reg. Benefit Payments *	\$3,521,173	\$5,185,703	\$6,502,515	-32.1%	-45.8%
UI Initial Claims	2,082	2,116	5,486	-1.6%	-62.0%
UI Weeks Claimed	15,808	24,800	26,570	-36.3%	-40.5%

*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(\$)		
	Sept. '04 Prelim.	Aug. '04 Revised	Sept. '03 Revised	Sept. '04 Prelim.	Aug. '04 Revised	Sept. '03 Revised	Sept. '04 Prelim.	Aug. '04 Revised	Sept. '03 Revised
GOODS PRODUCING	600.75	600.75	598.05	40.4	40.4	40.3	14.87	14.87	14.84
Natural Resources & Mining	465.06	465.06	466.46	33.7	33.7	33.9	13.80	13.80	13.76
Construction	640.66	640.66	639.74	41.2	41.2	41.3	15.55	15.55	15.49
Manufacturing	586.52	586.52	583.86	40.2	40.2	40.1	14.59	14.59	14.56
Durable Goods	610.09	610.09	606.69	40.7	40.7	40.5	14.99	14.99	14.98
Non-Durable Goods	520.87	519.53	517.20	38.9	38.8	38.8	13.39	13.39	13.33
SERVICE PROVIDING									
Wholesale Trade	645.84	645.84	639.73	35.9	35.9	35.6	17.99	17.99	17.97
Retail Trade	368.95	368.95	368.64	30.9	30.9	30.9	11.94	11.94	11.93
Health Care & Social Assist.	551.76	551.76	546.92	30.4	30.4	30.2	18.15	18.15	18.11
BURLINGTON AREA									
Manufacturing	576.06	576.06	572.27	37.7	37.7	37.6	15.28	15.28	15.22

Vermont Department of Labor & Industry



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Workers' Compensation Reform Update

by *Michael Bertrand, Commissioner*

During the last legislative session, the General Assembly enacted a series of reforms to Vermont's workers' compensation system. Governor Douglas, who recognized long ago that the system was badly in need of change, signed these reforms into law in June of this year (Act 132). I wanted to take this opportunity to give an update on our efforts to implement some of these changes:

Medical Fee Schedule: Vermont first implemented a workers' compensation medical fee schedule in the mid-1990s and has never undergone a substantial revision. The department has enlisted the services of a consulting firm that has a great deal of experience with workers' compensation fee schedules. We are comparing our system's reimbursement rates with other jurisdictions, and after that we will review the various reimbursement methodologies available. We expect to convene the medical advisory committee (created under our rules) by the end of the year, and we hope to have a revised medical fee schedule submitted to the formal rulemaking process by February 1, 2005.

Vocational Rehabilitation Rules: One area in which Vermont's costs are out of line with costs in other jurisdictions pertains to vocational rehabilitation. In response, the General Assembly made changes to Vermont's VR laws. We expect new VR rules – including, for the first time ever, a fee schedule for VR services – to be submitted to the rulemaking process within the next month.

Prescription Drugs: The escalating cost of prescription drugs is a factor in the increasing cost of medical care, and the legislature has asked the department to research this matter. There are a number of approaches that can be taken to address prescription drug costs, such as pharmacy benefits managers, fee schedules, generic equivalents, and pre-authorization. Some national studies indicate that utilization has greater impact on workers' compensation drug costs than price.

The above represents just a sampling of our efforts to create a workers' compensation system that is simple, fair and less costly. As I have stated before, Act 132 was a good start but it is certainly not the end of our reform efforts. True workers' compensation reform is more than one bill or one package of reforms. True reform will require an ongoing process of review and revision of our laws and rules. True reform will require all of our employers and employees to work together to create a "culture of safety" in all of Vermont's workplaces. True reform will, in other words, require much more hard work . . . but the process of reform has begun.

Workers' Compensation Insurance Requirements - Can Extend to Subcontractors and Limited Employment Positions

Workers' compensation coverage is required for **ALL** employment. Employers should be aware that they bear liability for anyone they employ. Vermont law defines "Employer" broadly. It includes work performed through independent contractors or subcontractors. The breadth of employer liability may surprise some employers and can result in unforeseen claim or insurance costs. This article provides information concerning coverage requirements, lists the few coverage exceptions and explains the implications of subcontractor liability and "statutory employer" liability.

Few Coverage Exceptions

There are few employment situations that are exempt from workers' compensation coverage. The best rule of thumb is to assume that coverage is required. For example, there is *no exception* for *non-profits; for a limited number of employees; for limited work hours, nor even for temporary or seasonal employment*. There are a very few finely tailored exceptions as follows:

- casual employment; not for the purpose of the employer's trade or business;
- amateur sports;
- agriculture or farm work where

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aggregate payroll is less than \$10,000/year;

- family member dwelling in the home if their wages are not included in payroll;

- work in the home (doesn't include work at home performed for an employer);

- sole proprietor or partner owner or partner owners of an unincorporated business;

- real estate broker or real estate salesperson on commission

Insurance Liability for Subcontractors and Sole Proprietors

Employers also need to be aware that they may bear workers' compensation liability for workers that are subcontracted. If you subcontract out work to an independent contractor or to a sole proprietor, you are responsible for workers' compensation coverage for them if the worker either: 1) does not have workers' comp coverage; or 2) does not meet the definition of a "contractor" under the law.

Insurance liability for subcontractors and sole proprietors is surprising to many because a sole proprietor is not required to carry workers' comp insurance for themselves. They can, however, opt to obtain it.

Subcontractor Proof of Coverage

Business owners can limit their liability and insurance costs by requiring proof of coverage from subcontractors. The Sub should provide their certificate of insurance. Note – the certificate must be for workers' compensation, which is different from general liability ("GL") coverage. Further, you should ensure that the policy is current. If in doubt,

check with the issuing insurance company.

"Statutory Employer"

As mentioned, contracting out does not automatically relieve a hiring contractor of insurance requirements. The law presumes an employment relationship with any worker hired or contracted by you. This presumption arises from the legal definition of "employer", thus it is termed "statutory employer" liability. The contracting business bears the burden of proof if they wish to establish that the worker was an "independent contractor" and not an employee for whom they bear liability. The legal presumption of an employment relationship may be rebutted by proof that the subcontractor is truly an "independent" contractor.

"Independent Contractor"

Vermont workers' compensation law considers whether an individual is an independent contractor on a case by case basis. Relevant information includes the work of the contracting business and the work performed by the subcontractor. It specifically asks:

- who controls the work being performed?

- is the work being performed normally carried out by an employee of business?

- are the worker's work activities integral to the employer's regular business?

If you control a subcontractor's work, or, if the Sub's work is work that is normally performed by or part of your business, then your subcontractor is considered an employee and coverage is required.

Example of Employment Relationship

Business owner of a delivery service hires a worker to drive his/her

own car to deliver packages. Business owner allows worker to select his/her hours and route, within time limitations. Business owner contracts for delivery work, contracts with third parties and assigns workers to locations. These facts establish an employment relationship.

Recent Law Change - Waiver

A 2004 law change (H.632) provides business owners and sole proprietors shelter from expending money on insurance coverage in certain situations. A business owner that contracts with an independent sole proprietor or subcontractor ("worker") with no employees is not required to carry coverage for that "worker" if the worker is truly independent and the two enter into a written agreement whereby the worker waives coverage. It is important that the employment relationship meet each of the six requirements noted in the law. The full legislation is available on the workers' compensation website at: <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2004/bills/passed/H-632.HTM>.

Business owners should be aware of their insurance obligations. Failure to heed the legal requirements can result in unforeseen costs.





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