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for Vermont*

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Commissioners' Message

Patricia A. McDonald, VDOL Commissioner

Collaborative Model Brings Innovative IT Grant to Vermont

"The ability of businesses to expand and succeed in today's high-tech, global economy depends in large measure on the skills, creativity and ingenuity of Vermont's workforce." So begins the introduction to this past year's \$1.6 million Governor's IT Training Initiative, funded through a grant from the federal Department of Labor to the Vermont Department of Labor. Vermont was successful in large measure because of the project's comprehensive partnership, its innovative approach to training, and the strong support and advocacy from the Governor's office.

Because IT skill sets are so closely linked to constantly changing software and hardware technologies, the highly specialized and fragmented nature of IT labor demand makes it difficult to link IT education and training programs to employer needs. We feel the IT Training Initiative will go a long way to develop that linkage and establish a sustainable education and training infrastructure in Vermont to meet its ongoing competitive needs.

Ultimately, the project will train up to 175 Vermonters in high-growth IT occupations and establish a cohesive, accessible statewide IT training infrastructure through mentored internships, innovative apprenticeships, and Web-based technology. Within that context, the project focuses on three overarching goals: 1) aligning IT occupations in demand with post-secondary curricula; 2) expanding capacity and establishing pipelines to IT occupations through mentored internships and apprenticeships; and 3) providing post-secondary training opportunities in IT for incumbent, dislocated and unemployed workers.

This strategy serves two purposes: 1) to ensure the project is demand driven; and 2) ensure the establishment and expansion of a statewide education and training infrastructure to meet future business needs.

The project was a year in the making and included the Governor's office, the Vermont Department of Labor, the Vermont Information Technology Center (VITC), the Vermont Health Care Information Technology Education Center (HITEC), a number of educational institutions, the Human Resources Investment Council, and employers, large and small, statewide.

The project includes two parts. The first part employs the VITC with its statewide network of IT employers and educators, Champlain College, with its advanced Web-based e-learning system and professional IT

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The Edge

Creativity - Pathway to Economic Growth

Evolution is not just about biology. We are now witnessing an economic evolution that will change the way businesses function, the skills workers will need, and the products and services available to us. As a result of outsourcing engineering, software writing, accounting, manufacturing and so many other high-tech, high-end service jobs, U.S. companies are adapting in order to survive. What we have known as the Knowledge Economy is morphing into the Creative Economy (also known as the Experience Economy or the Conceptual Age). The Knowledge Economy was dominated by technology. Its workers were paid for putting to work what they learned in school, rather than for their physical strength or manual skills. Its successor will be controlled by consumers and the corporations that empathize with them.

Recent articles in *Business-Week*, *Wired*, the *Wall Street Journal* and other publications shed light on what the new workplace will look like. For now, the US has the lead in this unfolding Creative Economy and US companies are moving on to creating consumer experiences, not just products. Intrinsic to the new innovations is an intimate understanding of consumer culture - the ability to determine what people want even before they

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Commissioner's Message –

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Certificate Program, and other higher education institutions that can offer sophisticated Web-based learning and matriculation to advanced degrees.

The second part includes Vermont HITEC - a nonprofit educational organization specializing in health care and information technology - and includes two components that will provide an innovative and unique approach to IT training: 1) The Vermont Information Technology Partnership will utilize employers, post-secondary institutions and students to establish up to four-month mentored internships that are designed to function in real-world, real-time business settings and engage in IT solutions; and 2) The Vermont Information Technology Apprenticeship Readiness Program, which will consist of an intensive eight week pre-apprenticeship training program in IT followed by a year long registered apprenticeship.

In an industry whose jobs are as varied, complex and specialized as the knowledge, skills and experience to perform them, we feel that the IT Training Initiative will establish a valuable link among employers and training providers, thereby helping Vermont to maintain a competitive edge.

Patricia A. McDonald

Contact VDOL

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The Edge - (continued from front page)

know it -consumer-centric innovation.

One of the biggest challenges for managers, according to Business Week, is moving from process skills to new ways of thinking, new sets of values, and organizational principles. Design strategy is the new buzz term for businesses. Design is key in product differentiation, decision-making, and understanding the consumer experience. Although most business schools have not changed their courses yet, Stanford University is starting a D-school - a design school where managers can learn the dynamics of innovation. And BusinessWeek is launching a new Innovation & Design portal <http://www.businessweek.com/innovate> which showcases the best research on the subject.

Vermont, with its economy dominated by small niche businesses would appear to be already putting the practices of design strategy to use. What kinds of skills, however, will the employees of the future need?

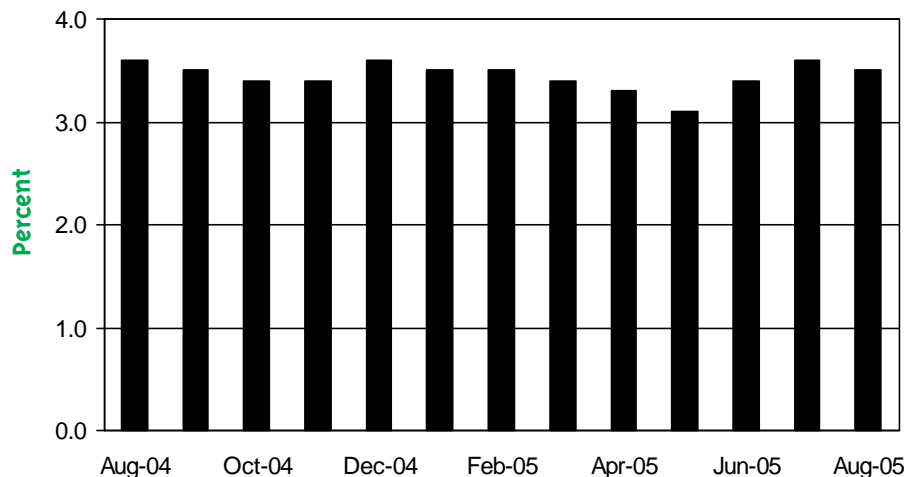
Daniel Pink has published a new book called "A Whole New Mind: Moving from the Information Age to the Conceptual Age," in which he describes the shift from knowledge-based to a more inventive, empathic economy. Instead of linear, logical and analytical skills, the new worker will rely more on artistry, empathy, seeing the big picture, and pursuing the transcendent - right brain skills and abilities as opposed to left brain strengths. He says:

If the Industrial Age was built on people's backs, and the Information Age on people's left hemispheres, the Conceptual Age is being built on people's right hemispheres. We've progressed from a society of farmers to a society of factory workers to a society of knowledge workers. And now we're progressing yet again-to a society of creators and empathizers...

This is not to say that logical and analytical skills are no longer needed. But to keep an edge on the global marketplace, the strength of the United States is the integration of creative and knowledge based skills and the creation and production of goods that appeal to consumers in an age of abundance.

Sources: BusinessWeek, August 1, 2005; Detroit Free Press, Sept. 6, 2005; Wired Magazine, February 2005

Vermont Seasonally Adjusted Unemployment Rate



Vermont Unemployment Estimates Statewide *(Seasonally Adjusted)*

	Aug. '05	July '05	Aug. '04	Changes from:	
				July '05	Aug. '04
TOTAL LABOR FORCE ¹	352,500	352,200	353,500	300	-1,000
EMPLOYED	340,300	339,500	340,800	800	-500
UNEMPLOYED	12,200	12,700	12,700	-500	-500
RATE (%)	3.5	3.6	3.6	-0.1	-0.1

¹Includes proprietors, professionals, and unpaid family workers.

Labor Market Areas By Residence *(Not Seasonally Adjusted)*

AREA	Total Labor Force	Number Employed	Number Unemployed	Aug-05 Rate (%)	July-05 Rate (%)	Aug-04 Rate (%)
Barre-Montpelier	25,650	24,750	900	3.4	4.1	3.6
Bennington	12,800	12,450	400	3.0	3.6	3.7
Bradford	5,250	5,100	150	2.6	2.8	2.9
Brattleboro	25,000	24,150	750	3.0	3.3	3.1
Burlington-South Burlington	114,500	111,350	3,150	2.8	3.1	2.7
Hartford	19,650	19,300	350	1.9	2.0	2.1
Manchester	12,750	12,400	300	2.5	3.0	3.2
Middlebury	18,300	17,800	500	2.7	3.2	3.2
Morristown-Stowe	20,450	19,950	500	2.5	2.9	3.1
Newport	14,200	13,750	450	3.2	3.7	3.4
Randolph	8,200	7,950	250	3.1	4.5	3.4
Rutland	28,600	27,700	900	3.2	3.7	3.4
Springfield	12,200	11,800	400	3.4	3.8	3.6
St. Johnsbury	15,250	14,850	450	2.8	3.1	2.9
Swanton-Enosburg	14,200	13,750	500	3.4	3.8	3.7
Warren-Waitsfield	4,200	4,100	100	2.3	2.7	2.0
Woodstock	3,850	3,750	100	2.1	2.7	2.0
Vermont Total	357,300	347,100	10,200	2.9	3.3	3.0

AREAS FROM ADJOINING STATES INCLUDING VERMONT TOWNS *(Not Seasonally Adjusted)*

Colebrook, NH-VT	3,900	3,750	150	3.5	3.8	2.8
Lebanon, NH-VT	46,950	46,000	950	2.1	2.2	1.4
Littleton, NH-VT	15,500	15,050	450	2.9	2.9	2.5
North Adams, MA-VT	17,250	16,550	700	4.0	4.8	4.6

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:	
	Aug. '05	July '05	Aug. '04	July '05	Aug. '04
Total - All Industries	308.8	308.2	303.4	0.6	5.4
Private Industries	256.0	255.4	250.9	0.6	5.1
Construction	17.7	17.9	16.7	-0.2	1.0
Manufacturing	37.4	37.5	37.2	-0.1	0.2
Retail Trade *	40.4	40.4	40.1	0.0	0.3
Professional & Business Services	22.1	21.9	21.2	0.2	0.9
Private Ed. Services*	12.4	12.3	12.5	0.1	-0.1
Health Care & Social Assistance*	42.1	42.2	40.7	-0.1	1.4
Leisure & Hospitality*	33.5	33.6	33.4	-0.1	0.1
Total Government	52.8	52.8	52.5	0.0	0.3

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

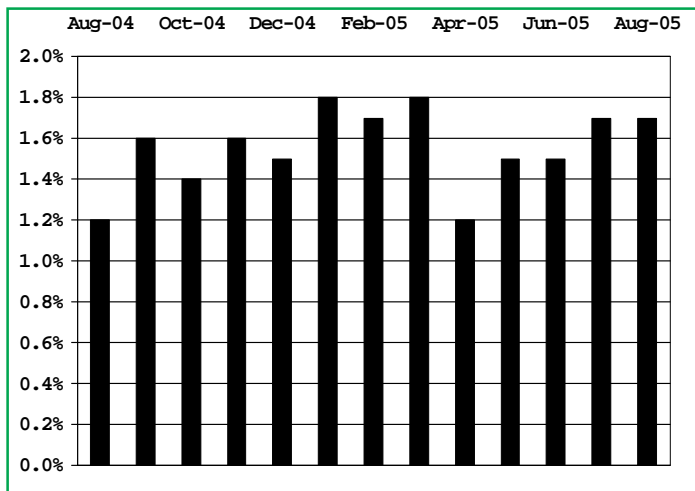
Note: Total - All Industries estimate is seasonally adjusted independently.

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

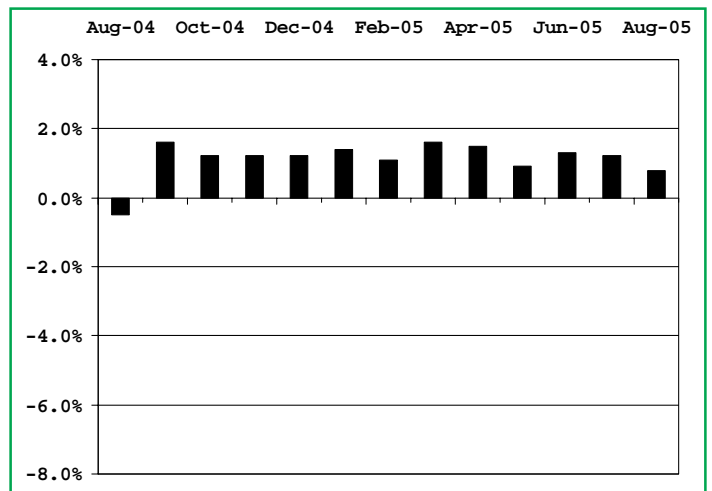
Produced by the Vermont Department of Labor in cooperation with the U.S Bureau of Labor Statistics, unless otherwise noted.

Vermont Annual Job Growth Not Seasonally Adjusted Data

All Industries



Manufacturing



Nonfarm Employment In Vermont *(Not Seasonally Adjusted)*

Compiled by the Vermont Department of Labor in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

INDUSTRY BY NAICS	Prelim. Aug. '05	Revised July '05	Revised Aug. '04	Changes From:	
				July '05	Aug. '04
TOTAL NONFARM	303,600	303,350	298,550	250	5,050
TOTAL PRIVATE	260,050	259,500	255,300	550	4,750
GOODS PRODUCING	58,550	58,550	57,050	0	1,500
MANUFACTURING	37,800	37,750	37,500	50	300
Durable Goods	27,050	27,050	26,700	0	350
Computer & Electrical Equipment Mfg.	9,400	9,400	9,250	0	150
Fabricated Metal Products Mfg.	3,050	3,000	2,800	50	250
Machinery Mfg.	3,050	3,050	3,050	0	0
Transportation Equipment Mfg.	2,350	2,400	2,400	-50	-50
Furniture & Related Product Mfg.	2,050	2,050	2,150	0	-100
Non-Durable Goods	10,750	10,700	10,800	50	-50
Food Mfg.	3,800	3,850	3,900	-50	-100
CONSTRUCTION	19,600	19,700	18,550	-100	1,050
NATURAL RESOURCES & MINING	1,150	1,100	1,000	50	150
SERVICE-PROVIDING	245,050	244,800	241,500	250	3,550
TRADE, TRANSPORTATION AND UTILITIES	59,400	59,200	58,800	200	600
Wholesale Trade	10,250	10,200	10,100	50	150
Retail Trade	40,700	40,600	40,350	100	350
Food & Beverage Stores	9,600	9,550	9,550	50	50
General Merchandise Store	2,950	2,900	3,000	50	-50
Transportation, Warehousing and Utilities	8,450	8,400	8,350	50	100
Utilities	1,750	1,700	1,700	50	50
Transportation & Warehousing	6,700	6,700	6,650	0	50
INFORMATION	6,200	6,250	6,400	-50	-200
FINANCIAL ACTIVITIES	13,850	13,850	13,600	0	250
Finance & Insurance	10,350	10,350	10,150	0	200
Real Estate, Rental & Leasing	3,500	3,500	3,450	0	50
PROFESSIONAL AND BUSINESS SERVICES	22,700	22,350	21,850	350	850
Professional, Scientific and Technical	13,100	13,050	12,650	50	450
Administrative, Support and Waste	9,400	9,300	8,900	100	500
EDUCATIONAL AND HEALTH SERVICES	53,450	53,850	52,000	-400	1,450
Educational Services	11,150	11,350	11,150	-200	0
College, Universities and Professional	6,100	6,250	6,250	-150	-150
Health Care and Social Assistance	42,300	42,500	40,850	-200	1,450
Ambulatory Health Care Services	16,550	16,600	16,100	-50	450
Hospitals	10,600	10,650	10,300	-50	300
Nursing and Residential Care Facilities	6,850	6,800	6,650	50	200
LEISURE AND HOSPITALITY	35,550	35,000	35,350	550	200
Arts, Entertainment and Recreation	4,700	4,600	4,700	100	0
Accommodation and Food Services	30,850	30,400	30,650	450	200
Accommodations	11,300	11,000	11,200	300	100
Hotel & Motels	8,950	8,800	8,850	150	100
Food Services and Drinking Places	19,550	19,400	19,450	150	100
OTHER SERVICES	10,350	10,450	10,250	-100	100
GOVERNMENT	43,550	43,850	43,250	-300	300
Federal Government	6,400	6,400	6,250	0	150
State Government Education	6,050	6,100	6,050	-50	0
Local Government Education	13,700	13,800	13,650	-100	50
Other State Government	9,850	9,800	9,650	50	200
Other Local Government	7,550	7,750	7,650	-200	-100



Wage and Hour Program Moves to the Unemployment Insurance Division

The recent merger between the Departments of Labor and Industry and Employment & Training, which became effective on July 1, 2005 with the creation of the Vermont Department of Labor, resulted in the transfer of the Wage and Hour program into the new Unemployment Insurance and Wage Division. This change was a logical decision because both programs have a similar customer base and provide important protections to workers in the state. The responsibilities of the Wage and Hour program, as found under Title 21, Chapter 5, remain the same, primarily including administration of the minimum wage law, payment of wages as required by law, employment of children and aliens, and parental and family leave among other things. While the Department of Labor is still in the early stages of the merger, the ability to coordinate resources between Wage and Hour and the Unemployment Insurance program should provide for more efficient administration of both programs.

Minimum Wage to Increase in January

The minimum wage paid to workers in Vermont will go up on January 1, 2006 from \$7.00 an hour to \$7.25, as the result of Act 82, which was enacted by the Legislature during the last session.

Act 82 makes another significant change in the state minimum wage law. Effective January 1, 2007, and for each year thereafter, the minimum wage will increase by an amount equal to either five percent or the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, whichever is lower.

This is the first time a Cost of Living Adjustment, or COLA has been enacted into the state minimum wage law. The COLA provides a mechanism to increase the minimum wage without having to enact new legislation each year.

This change also affects the minimum wage earned by Service and Tipped employees, but in a different way. The minimum wage will remain at \$3.65, but the “tip credit”, that amount that has to be reported for wage purposes in addition to the Service and Tipped minimum wage, will also increase by the same amount as the

minimum wage will increase for all other workers. For example, if the minimum wage for other workers were to increase in 2007 by \$.25 an hour, the “tip credit” will also increase from \$3.60 an hour to \$3.85 an hour.

According to the 2004 Current Population Survey conducted by the U. S. Bureau of Labor Statistics, approximately 18,000, or 10% of workers in Vermont earned \$7.00 or less per hour. The provision of a COLA will assist those workers by ensuring that the minimum wage keeps pace with the cost of living as determined by the Consumer Price Index.





VERMONT

DEPARTMENT OF LABOR

NOTICE

MINIMUM WAGE

Vermont's minimum wage rate will change as stated below. (Note: Effective since July 1, 1989, "if the minimum wage rate established by the U.S. Government is greater than the rate established for Vermont for any year, the Vermont minimum wage rate shall be the rate established by the U.S. Government".)

MINIMUM WAGE RATE:

Effective 01/01/2004: \$6.75 per hour worked
Effective 01/01/2005: \$7.00 per hour worked
Effective 01/01/2006: \$7.25 per hour worked

Employers engaged in the hotel, motel, tourist place and restaurant industry shall receive a tip credit for tips actually earned and retained by service or tipped employees. For service and tipped employees the basic wage rate will be:

<u>Minimum Base Rate Allowed</u>	<u>Maximum Tip Credit</u>
Rate, effective 1/1/2004: \$3.58/hr.	\$3.17/hr.
Rate, effective 1/1/2005: \$3.65/hr.	\$3.35/hr.
Rate, effective 1/1/2006: \$3.65/hr.	\$3.60/hr.

Service or Tipped Employees – is defined as "A service or tipped employee" means an employee of a hotel, motel, tourist place, or restaurant who customarily and regularly receives more than \$30.00 per month in tips for direct and personal customer services.

The basic wage rate is the minimum required employer contribution towards the minimum wage. If an employee does not receive sufficient tips in the work week to at least achieve the minimum wage for all hours worked that week, the employer must make up the difference.

How to Contact Us:

Vermont Department of Labor
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P.O. Box 488

Equal Opportunity is the Law

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(8/05)

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DEPARTMENT OF LABOR

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*** * * CHILD LABOR LAWS * * ***

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