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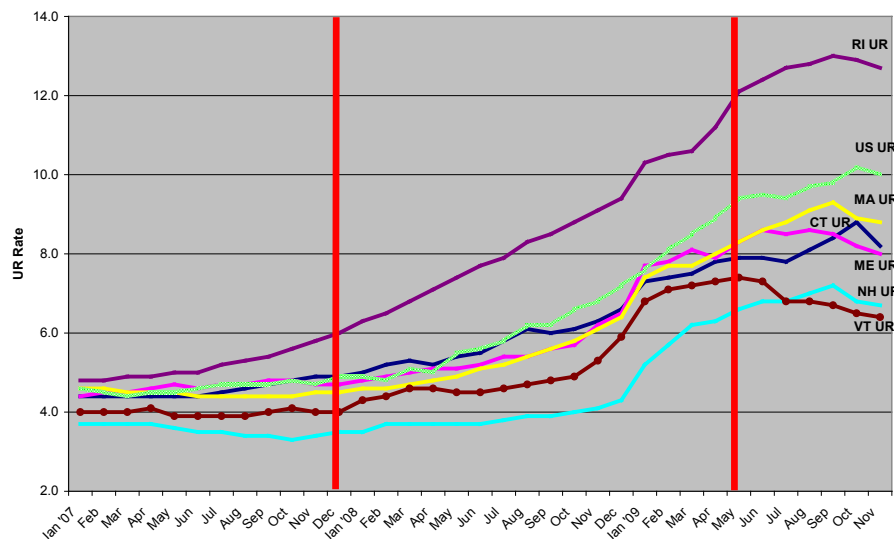
Commissioner's Message

Patricia Moulton Powden

In a difficult recession, why is Vermont's unemployment rate so low?

The current recession has been hard on many across the country, the region and right here in Vermont. And yet, Vermont's unemployment rate has been dropping since May of this year and we have seen stable job levels since July, (though at much lower than pre recession levels). Is the recession over? Is Vermont on its way to recovery? And why is Vermont's unemployment rate so low as compared to the rest of New England?

New England State Unemployment Rates: December, 2007 - Present



Let's tackle the last question first. The US officially entered the recession in December of 2007 and economic conditions rapidly accelerated their decline in the fourth quarter of 2008. As you can see above, Vermont has had a relatively low unemployment rate as compared to the rest of New England with the exception of New Hampshire. Throughout the current downturn, all New England states have been at or below the US level with the exception of Rhode Island, whose labor market has been deteriorating almost a full year earlier than the rest of the region. Until the second quarter of this year, Vermont's unemployment rate has been moving more or less with the region and the US in the same relationship to the other states as has been case for several years. In other words, one reason why Vermont's unemployment rate is low compared to other states in the region is that it has been this way for several years and the recession has not changed that relationship.

(continued on page 2)

Commissioner's Message - continued

There's good news and bad news.

Starting in May of '09 Vermont's unemployment rate began to improve and it has continued to decline through November. With the exception of Maine, no other state saw unemployment rate declines until September. Unfortunately, this decline in our unemployment rate is not all good news.

Vermont's unemployment rate is declining for two principal reasons – one good, one not so good. Our job loss may be stabilizing, (that's the good thing), but we are still not creating new jobs in the state's economy. That may not occur for some time. The larger factor contributing to our improving unemployment rate is a *decline in our labor force* – the number of people working or actively seeking work. Vermont has very little population growth and one of the oldest working age populations in the country. Only Maine's is higher. Older workers are retiring faster than they can be replaced by younger people. In addition Vermont is now experiencing a net decline in migration – more people are leaving the state than are moving in. The result: stable employment and declining labor force means a decline in unemployment rate.

Beginning in October of 2006, Vermont's labor force had been on the decline for nearly two years. Starting in September of 2008, labor force began to recover over a nine month period ending in May of 2009. The recovery is probably due to individuals entering the labor force to help out in difficult times and potential retirees postponing their decision as their retirement plans plummeted in value. Since May of 2009, markets have largely recovered and the pace of retirements has resumed. Labor force levels have resumed their declining trend except for the latest measured month – November.

How will Vermont cope with an aging workforce?

The decline in labor force presents workforce and economic development challenges as well as opportunities for Vermont. State government and other partners are addressing these challenges with initiatives we will cover in future newsletters. A few examples follow:

- "Optimizing the Potential of Vermont's Older Workers" (www.windham-foundation.org/programs/grafton-conferences/reports) is a report of the 34th Grafton Conference. The report summarizes the work of the Grafton Conference and strategies being pursued by state agencies, nonprofits, employers and others to optimize the older worker talent in Vermont.
- Vermont Associates for Training and Development, Inc: (www.vermontassociates.org) provides direct assistance to Vermonters 55+ with job search and training. Working closely with the Dept. of Labor, Vermont Associates can help older workers gain job experience and find employment. Vermont Associates recently received a grant from the US Dept. of Labor to expand their services and open Mature Worker Resource Centers around the state. The first is now open in Swanton with more planned.
- PursueVT (www.pursuevt.org) is an initiative of the Vermont Department of Economic Development to, amongst other efforts, seeks to attract businesses and workers to Vermont.

The opportunities involve maximizing our older workers. People are living and working longer. Employers need to explore options to keep their experienced workforce longer and to invite new older workers into the workforce. Some of the initiatives mentioned above explore strategies employers can use to maintain an age diversified workforce which benefits all.

2010 Workforce/Workplace Forecast

Each year at this time, The Herman Group issues its annual forecast. Once more, this year, we offer you our full forecast (longer than our usual alert) for the coming year:

- 1. Cutbacks and Re-Engineering will continue into 2010.** Expect ongoing reductions in force as some employers continue to optimize their workforces and eliminate "redundancy". We caution these employers to be very careful, because we know that 54 percent of today's employees are ready to jump, as soon as the economy improves. They are currently "Corporate Cocooning".
- 2. Shortages of certain skill sets will become more acute.** As the economy begins to recover, certain skill sets will be more critical and difficult to find. These high-demand workers will be more demanding about their work schedules, environment, etc. The wisest employers will embrace not only flex-time, but flex-place as well.
- 3. Employers will embrace innovative ideas to reward their valued workers.** This innovation will include non-financial ways and even non-reward (recognition only) ways to add value for their top talent; these innovative ideas will come from the employees themselves. Employers that do not mine the collective intelligence of their workers will find themselves unable to optimize profits.
- 4. Fear and apprehension continue to reduce productivity.** A significant percentage of employees continue to worry about the future. These negative feelings will persist, unless addressed. Transparency, besides being one of those elements employees seek, will be imperative.
- 5. More employers will invest in a variety of healthcare cost-cutting strategies.** Besides wellness programs to address expensive unproductive behaviors (like smoking and over-eating), more large employers will embrace ideas like onsite clinics and health coaches. For some candidates, the cost of not complying with the prospective companies' wellness programs will change their employee value propositions so drastically that they will choose to work elsewhere.
- 6. Focus on engagement will replace the focus on retention.** Recognizing that with engagement comes not only retention, but greater productivity and profitability, too, employers will change their focus. We will see Directors of Retention morph into Directors of Employee Engagement. The next step (coming much later than 2010) will be to recognize the importance of the total "Internal and External Customer Experience".

The Edge - continued

7. Increasing attention to succession planning. Around the globe, we see an increasing attention to succession planning and management. However, the issue of succession preparation continues to take a backseat to succession planning. This big mistake will begin to be felt in 2010, when Baby Boomer retirements combine with the lack of trained people becomes a critical problem. Succession management continues to be critical to long-term success.

8. Employers who did not build bench strength will pay more to hire experience. Organizations that did not take the opportunity presented by this business slowdown to send their people for more training, will have to pay more to hire trained, experienced people.

9. Some employers will eliminate reward programs. Misunderstanding Dan Pink's new book, "Drive: The Surprising Truth about What Motivates Us", some employers will abolish their reward programs altogether. This ill-advised shift will cause significant, negative, unintended consequences.

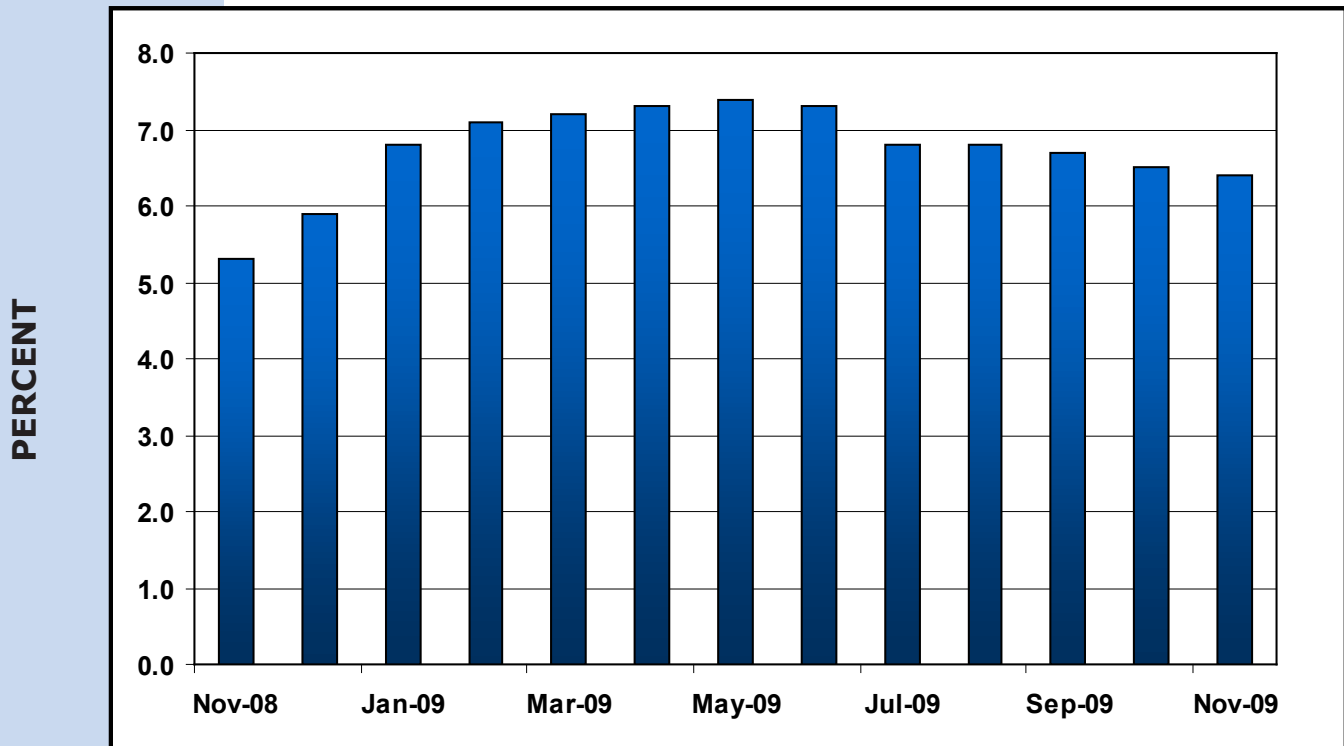
10. Burned out employees will begin leaving employers. Over 80 percent of today's employees feel overworked and under-appreciated. Too many organizations have survived and maintained some level of profitability by over-loading their long-term employees. Once we begin to see positive job growth in the second half of 2010, some employees will feel confident enough to leave their companies.

11. Employers will accommodate older workers like never before. The exodus of their long-term employees will challenge some employers to get the work done, without resorting to hiring expensive contract help or paying high fees to recruiters. Enlightened employers will mine the rolls of their retired workers and hire them back on a part-time, temporary, or seasonal basis. These seasoned professionals will be welcomed back, in spite of the fact that they will dictate their own terms.

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The Herman Group, 4057 Battleground Avenue, Greensboro, NC 27410 USA
(336) 282-9370 <http://www.hermangroup.com>

Vermont Seasonally Adjusted Unemployment Rate



Visit our website for more information and additional opportunities.

<http://labor.vermont.gov>

Equal Opportunity is the Law - The State of Vermont is an Equal Opportunity/Affirmative Action Employer. Applications from women, individuals with disabilities, and people from diverse cultural backgrounds are encouraged. Auxiliary aids and services are available upon request to individuals with disabilities. 711 (TTY/Relay Service) or 802-828-4203 TDD (Vermont Department of Labor). Interpretative services are available for limited English proficiency customers. For more information please visit: <http://www.dol.gov/oasam/programs/crc/ISpeakCards.pdf>.

Vermont Unemployment Estimates Statewide

(Seasonally Adjusted)

	Nov. '09	Oct. '09	Nov. '08	Changes from:	
				Oct. '09	Nov. '08
TOTAL LABOR FORCE¹	359,900	356,700	356,500	3,200	3,400
EMPLOYED	336,800	333,400	337,500	3,400	-700
UNEMPLOYED	23,100	23,300	19,000	-200	4,100
RATE (%)	6.4	6.5	5.3	-0.1	1.1

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

Labor Market Areas By Residence (Not Seasonally Adjusted)

AREA	Total Labor Force	Number Employed	Number Unemployed	Nov-09 Rate (%)	Oct-09 Rate (%)	Nov-08 Rate (%)
Barre-Montpelier	29,050	27,250	1,800	6.1	5.8	5.5
Bennington	13,600	12,700	900	6.6	6.6	5.4
Bradford	5,050	4,750	350	6.8	6.1	5.1
Brattleboro	24,400	22,950	1,500	6.1	5.8	5.4
Burlington-South Burlington	113,700	107,550	6,200	5.4	5.2	4.6
Hartford	20,350	19,550	800	3.9	3.7	3.0
Manchester	12,250	11,400	850	7.0	6.2	6.3
Middlebury	18,550	17,450	1,100	5.9	5.6	5.1
Morristown-Stowe	21,050	19,650	1,400	6.7	5.7	5.7
Newport	14,750	13,550	1,150	7.9	7.6	6.9
Randolph	8,950	8,300	650	7.1	7.1	5.6
Rutland	25,100	23,050	2,050	8.1	8.0	6.8
Springfield	12,450	11,550	900	7.2	6.8	5.7
St. Johnsbury	15,600	14,550	1,050	6.8	6.7	5.6
Swanton-Enosburg	14,250	13,250	1,050	7.3	6.8	6.8
Warren-Waitsfield	3,900	3,700	200	5.5	4.9	4.0
Woodstock	3,700	3,500	200	4.8	4.2	4.1
Vermont Total	358,950	336,650	22,300	6.2	5.9	5.3

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

Colebrook, NH-VT	3,950	3,550	450	10.9	8.9	4.9
Lebanon, NH-VT	48,100	46,150	1,900	4.0	4.0	2.7
Littleton, NH-VT	13,100	12,100	1,000	7.7	7.1	5.2
North Adams, MA-VT	17,550	15,900	1,600	9.2	8.7	6.7

Vermont Seasonally Adjusted Nonfarm Employment in Thousands

BY NAICS	Prelim.	Revised	Revised	Changes From:		Otm	Oty
	Nov. '09	Oct. '09	Nov. '08	Oct. '09	Nov. '08	Change %	Change %
Total - All Industries	294.9	294.6	302.7	0.3	-7.8	0.1	-2.6
Private Industries	241.1	240.7	248.8	0.4	-7.7	0.2	-3.1
Construction	12.5	13.0	14.2	-0.5	-1.7	-3.8	-12.0
Manufacturing	30.3	30.0	34.1	0.3	-3.8	1.0	-11.1
Durable Goods	21.3	21.2	24.8	0.1	-3.5	0.5	-14.1
Non-Durable Goods	9.0	8.8	9.3	0.2	-0.3	2.3	-3.2
Trade, Transportation & Utilities	56.0	56.2	57.8	-0.2	-1.8	-0.4	-3.1
Retail Trade	37.0	37.4	38.9	-0.4	-1.9	-1.1	-4.9
Trans., Warehousing & Utilities	8.7	8.8	8.6	-0.1	0.1	-1.1	1.2
Financial Activities	12.7	12.7	12.8	0.0	-0.1	0.0	-0.8
Professional & Business Services	20.8	20.6	22.5	0.2	-1.7	1.0	-7.6
Professional, Scientific & Technical	12.8	12.8	13.4	0.0	-0.8	0.0	-4.5
Administrative Support & Waste	7.8	7.7	8.8	0.1	-1.0	1.3	-11.4
Education & Health Services	62.2	61.8	59.4	0.4	2.8	0.6	4.7
Private Ed. Services	13.7	13.7	13.4	0.0	0.3	0.0	2.2
Health Care & Social Assistance	48.5	48.1	46.0	0.4	2.5	0.8	5.4
Leisure & Hospitality	30.5	30.4	31.6	0.1	-1.1	0.3	-3.5
Arts, Entertainment & Recreation	3.9	3.9	3.9	0.0	0.0	0.0	0.0
Accommodation & Food Services	26.6	26.5	27.7	0.1	-1.1	0.4	-4.0
Other Services	9.7	9.6	9.8	0.1	-0.1	1.0	-1.0
Total Government	53.8	53.9	53.9	-0.1	-0.1	-0.2	-0.2
State Government	17.1	17.1	17.6	0.0	-0.5	0.0	-2.8
Local Government	30.4	30.6	30.1	-0.2	0.3	-0.7	1.0
Burlington - S. Burlington MSA							
Total - All Industries	107.6	108.8	111.3	-1.2	-3.7	-1.1	-3.3

Statewide Total - All Industries estimate is seasonally adjusted independently.

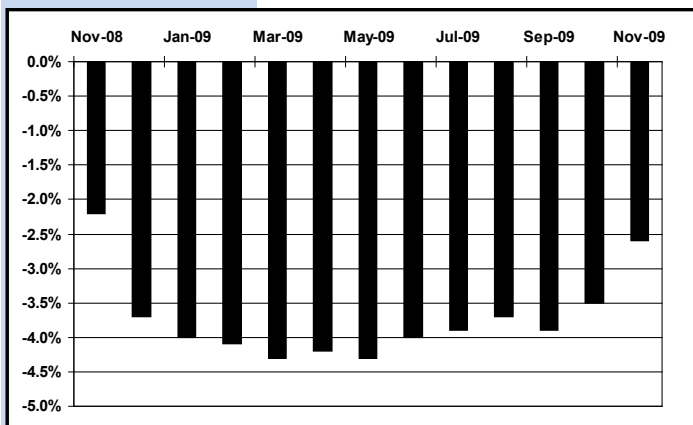
Note: Beginning January 2009 Vermont will publish a seasonally adjusted Total-All Industries estimate for the Burlington - S. Burlington MSA. Seasonal factors available from VDOL/LMI on request.

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

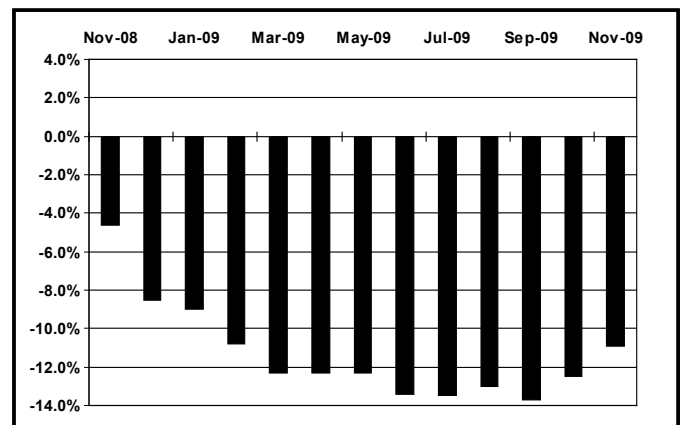
Vermont Annual Job Growth

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.	Revised	Revised	Changes From:	
	Nov. '09	Oct. '09	Nov. '08	Oct. '09	Nov. '08
TOTAL NONFARM	296,400	298,900	304,250	-2,500	-7,850
TOTAL PRIVATE	239,750	242,200	247,450	-2,450	-7,700
GOODS PRODUCING	44,100	45,050	49,650	-950	-5,550
MANUFACTURING	30,400	30,200	34,100	200	-3,700
Durable Goods	21,350	21,200	24,750	150	-3,400
Computer & Electrical Equipment Mfg.	8,400	8,450	9,000	-50	-600
Fabricated Metal Products Mfg.	2,500	2,500	2,500	0	0
Non-Durable Goods	9,050	9,000	9,350	50	-300
Food Mfg.	4,000	4,000	3,950	0	50
CONSTRUCTION	12,850	14,000	14,700	-1,150	-1,850
MINING & LOGGING	850	850	850	0	0
SERVICE-PROVIDING	252,300	253,850	254,600	-1,550	-2,300
TRADE, TRANSPORTATION AND UTILITIES	57,000	56,750	58,950	250	-1,950
Wholesale Trade	10,200	10,150	10,300	50	-100
Retail Trade	37,900	37,650	39,850	250	-1,950
Food & Beverage Stores	10,200	10,150	10,150	50	50
General Merchandise Store	3,000	2,850	3,050	150	-50
Transportation, Warehousing and Utilities	8,900	8,950	8,800	-50	100
Utilities	1,750	1,800	1,750	-50	0
Transportation & Warehousing	7,150	7,150	7,050	0	100
INFORMATION	5,450	5,450	5,650	0	-200
FINANCIAL ACTIVITIES	12,650	12,500	12,700	150	-50
Finance & Insurance	9,350	9,250	9,500	100	-150
Real Estate, Rental & Leasing	3,300	3,250	3,200	50	100
PROFESSIONAL AND BUSINESS SERVICES	20,950	21,050	22,550	-100	-1,600
Professional, Scientific and Technical	12,850	12,800	13,400	50	-550
Administrative, Support and Waste	7,800	7,950	8,800	-150	-1,000
EDUCATIONAL AND HEALTH SERVICES	62,700	62,250	59,850	450	2,850
Educational Services	14,250	14,100	13,900	150	350
College, Universities and Professional	7,200	7,300	7,250	-100	-50
Health Care and Social Assistance	48,450	48,150	45,950	300	2,500
Ambulatory Health Care Services	16,200	16,150	16,050	50	150
Hospitals	12,850	12,850	12,250	0	600
Nursing and Residential Care Facilities	7,000	6,950	6,950	50	50
LEISURE AND HOSPITALITY	27,350	29,500	28,400	-2,150	-1,050
Arts, Entertainment and Recreation	3,200	3,900	3,200	-700	0
Accommodation and Food Services	24,150	25,600	25,200	-1,450	-1,050
Accommodations	8,100	8,750	8,100	-650	0
Hotel & Motels	7,200	7,700	7,200	-500	0
Food Services and Drinking Places	16,050	16,850	17,100	-800	-1,050
OTHER SERVICES	9,550	9,650	9,700	-100	-150
GOVERNMENT	56,650	56,700	56,800	-50	-150
Federal Government	6,250	6,300	6,200	-50	50
State Government Education	9,050	8,850	9,050	200	0
Local Government Education	25,100	24,950	24,900	150	200
Other State Government	9,050	9,250	9,500	-200	-450
Other Local Government	7,200	7,350	7,150	-150	50

NOTE: Data compiled in cooperation with the U.S. Bureau of Labor Statistics. Estimates are preliminary and subject to revision. See Annual Summary for Details. Beginning with the January '09 estimates CES has implemented a change to the Super Sector previously titled "Natural Resources & Mining" to "Mining & Logging". It's merely a change of title to better reflect the true makeup of the Super Sector in CES.

The Advisor

News from VOSHA

It is a new administration and a reinvigorated Occupational Safety and Health Administration (OSHA). OSHA's current regulatory program demonstrates a renewed commitment to worker protection. How does this affect us in Vermont? Vermont has a state run OSHA program called VOSHA. With the obligations of operating a state program the state must adopt or create regulations as effective as the Federal rules. Vermont typically adopts the Federal rules for enforcement. These potential changes effect both the private sector and public sector employers. Vermont's OSHA consultation program, called Project WorkSAFE, will help small businesses comply with the new regulations as a free, confidential service. If your firm needs assistance with any occupational safety or health-related concerns, you may call the OSHA consultation program, Project WorkSAFE at 1-888-723-3937. You may request an onsite risk assessment and discuss any training or compliance questions.

OSHA's major projects to implement the secretary's vision are:

Airborne Infectious Diseases

Airborne infectious diseases such as tuberculosis, severe acute respiratory syndrome (SARS), and influenza can be spread from person-to-person. OSHA is interested in protecting the nation's 13 million healthcare workers from airborne infectious diseases. Healthcare-acquired infections are on the rise and there are also increasing levels of drug-resistant microorganisms in healthcare settings. Most current infection control efforts are intended primarily for patient protection and not for worker protection. In March 2010, OSHA intends to publish a Request for Information to help examine how to improve worker protection from exposure to airborne diseases.

Occupational Injury and Illness Recording and Reporting Requirements (Musculoskeletal Disorders)

OSHA is proposing to revise its regulation on Recording and Reporting Occupational Injuries and Illnesses (Recordkeeping) to restore a column on the OSHA 300 Injury and Illness Log that employers will check when recording work-related musculoskeletal disorders (MSDs). The MSD data from the column will help about 750,000 employers and 40 million workers track injuries at individual workplaces, and improve the Nation's occupational injury and illness information data published by the Bureau of Labor Statistics. The MSD column was removed from the OSHA 300 Log in 2003. The Agency will issue a proposed rule in January 2010.

Cranes and Derricks

More than 80 workers lose their lives each year in crane-related fatalities. OSHA's existing rule, which dates back to 1971, is partly based on industry consensus standards that are over 40 years old. On October 9, 2008, OSHA issued a comprehensive proposed revision of the Cranes and Derricks standard. The proposed rule addresses electrocution hazards, crushing and struck-by hazards, overturning, procedures for ensuring that the weight of the load is within the crane's rated capacity, and ensures that crane operators have the required knowledge and skills by requiring independent verification of operator ability. This year, OSHA completed the public hearing and comment phase of the process and is now analyzing the public's input and preparing the final rule. OSHA plans to issue the final rule in July 2010.



The Advisor - continued

Crystalline Silica

Inhalation of respirable silica dust can cause lung disease, silicosis and lung cancer. Exposure to airborne silica dust occurs in operations involving cutting, sawing, drilling and crushing of concrete, brick, block and other stone products, and in operations using sand products (e.g., in glass manufacturing and sand blasting). One study estimated that there may be as many as 7,000 new cases of chronic silicosis each year. This rulemaking will update existing permissible exposure limits and establish additional provisions to protect workers from exposures to respirable crystalline silica dust. OSHA plans to publish a Notice of Proposed Rulemaking in July 2010.

Combustible Dust



Combustible dust can cause catastrophic explosions like the 2008 disaster at the Imperial Sugar refinery that killed 14 workers and seriously injured dozens more. Deadly combustible dust fires and explosions can be caused by a wide array of materials and processes in a large number of industries. Materials that may form combustible dust include wood, coal, plastics, spice, starch, flour, feed, grain, fertilizer, tobacco, paper, soap, rubber, drugs, dyes, certain textiles, and metals. While a number of OSHA standards address aspects of this hazard,

the agency does not have a comprehensive standard that addresses combustible dust. OSHA is engaged in the early stages of rulemaking to develop a combustible dust standard for general industry. OSHA published an Advance Notice of Proposed Rulemaking in October 2009 and is preparing to hold stakeholder meetings in December 2009.

Hazard Communication Standard - Global Harmonization System of Classification and Labeling of Chemicals

OSHA and other U.S. agencies have been involved in a long-term project to negotiate a globally harmonized approach to informing workers about chemical hazards. The result is the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). OSHA is revising its Hazard Communication Standard to make it consistent with the GHS. The new standard will include more specific requirements for hazard classification, as well as standardized label components which will provide consistent information and definitions for hazardous chemicals and a standard approach to conveying information on material safety data sheets. On September 30, OSHA published the proposal and is preparing for hearings in March 2010.

Beryllium

Beryllium is a lightweight metal that has a wide variety of applications, including aerospace, telecommunications and defense applications. Chronic beryllium disease occurs when people inhale beryllium dust or fumes and can take anywhere from a few months to 30 years to develop. The disease is caused by an immune system reaction to beryllium metal, and causes symptoms such as persistent coughing, difficulty breathing upon physical exertion, fatigue, chest and joint pain, weight loss, and fevers. OSHA is developing a rule that would update the Permissible Exposure Limit and establish additional provisions to protect exposed workers. Currently, the agency is preparing to conduct a peer review of the health effects and risk assessments and plans on initiating the peer review in March 2010.

The Advisor - continued

Diacetyl

Employee exposure to diacetyl causes obstructive airway disease, including the disabling and sometimes fatal lung disease called bronchiolitis obliterans or "popcorn lung." This rulemaking will establish a Permissible Exposure Limit as well as additional provisions to protect workers from exposure to diacetyl. OSHA held a stakeholder meeting on diacetyl in 2007 and completed the small business review panel report in July 2009. OSHA is currently working on the proposed regulatory text and developing the health, risk and feasibility analysis. The agency plans to initiate a peer review of the health effects and risk assessments in October 2010.

Walking / Working Surfaces - Subparts D & I

This proposed standard will update OSHA's rules covering slip, trip and fall hazards and establish requirements for personal fall protection systems. The rule affects almost every non-construction worker in the United States. This is an important rulemaking because it addresses hazards that result in numerous deaths and thousands of injuries every year. The proposal is expected to prevent 20 workplace fatalities per year and over 3,500 injuries serious enough to result in days away from work. The agency plans to issue a proposal in March 2010.



Confined Space in Construction

Exploring the topic and options