

POSITION STATEMENT ON EMPLOYMENT ISSUES

In order to insure that Vermont is a good place to live, work and do business, we need a healthy economy. Without businesses that provide competitive wages and benefits for employees, an adequate return for owners and investors and tax revenue for the state, the Vermont that we know of as a “special place” is at risk.

In considering legislation and reviewing current law that impacts Vermont employers and their ability to hire, retain or terminate employees, the Legislature must consider the following questions: (1) Is there a real need for this legislation or law? (2) What is the cost? (3) Will the proposal or law support economic growth in this state and how will the proposal or law impact the competitive position of Vermont businesses? (4) Could there be unanticipated consequences if the legislation is enacted? (5) Are there any programs or sections of statute that can be replaced by this legislation? (6) Should there be a sunset to this legislation or law? In addition, legislation that is enacted should include an evaluation component so that the impact on employers and the Vermont economy can be measured.

With these questions in mind, listed below are the position statements of the Lake Champlain Regional Chamber of Commerce and GBIC on a number of employment-related issues:

I. Workers' Compensation

The Chamber and GBIC support a “no fault” workers’ compensation system that provides a fair method for compensating employees for work-related injuries or occupational diseases and at the same time protects employers from legal liability and is affordable for Vermont businesses. Therefore, we recommend the following:

- Continue to focus on controlling the cost of the workers’ compensation program. Workers’ compensation premium rates have climbed significantly in the last year. A focus on costs is important since this dramatic increase in workers’ compensation premiums and surcharges represents a significant cost of doing business and has a negative impact on Vermont businesses’ ability to remain competitive in a global economy and the state’s ability to recruit new businesses.
- Support the review of the workers’ compensation program on a periodic basis to evaluate whether the benefit levels and compensable injuries in Vermont are appropriate compared to other states.
- Support efforts by the Department of Labor and Industry to process claims in a timely manner and to work with employers and employees to make the workers’ compensation program more efficient, effective and fair.

- Support efforts to create a multi-agency taskforce to encourage and attract more insurance carriers to underwrite in Vermont in order to allow for broader competition amongst carriers resulting in lower rates for employers.
- Encourage the Department of Banking, Insurance, Securities, & Health Care Administration (BISHCA) to review the function of the high-risk pool and determine how to assist and educate companies, especially small businesses, in cost savings measures.
- Support the creation of a Workers' Compensation Advisory Council (or taskforce group) to provide advice to the Department of Labor and Industry and improve communication between all interested parties.
- Support legislation that provides co-workers with legal immunity, since Vermont is one of only a few states without this protection for co-workers.
- Oppose the expansion of workers' compensation benefits to include items such as vocational rehabilitation wage supplements and employee benefits or repealing existing legal immunities for employers.
- Support the development of training programs on best practices to facilitate successful return to work of employees and encourage safer workplaces.
- Support efforts by the Department of Labor and Industry to increase the pool of available independent medical examiners (IMEs).

II. Unemployment Compensation

The Chamber and GBIC support an unemployment compensation program that provides adequate assistance for persons who become unemployed but also is affordable for Vermont businesses. Therefore, we recommend the following:

- The state's unemployment insurance trust fund needs to remain financially sound in order to insure solvency of the fund while weathering economic downturns. The fund should be maintained in a way that balances the desire for the lowest unemployment tax rate schedule, the goal of a healthy unemployment insurance trust fund, and the needs of unemployed workers.
- Unemployment insurance funds should be used only to cover unemployment insurance claims and should not be used to provide funding for other social purposes, such as job training, health care costs for the unemployed or payments to employees taking family or medical leave.
- The Legislature, with the assistance of the Vermont Department of Employment and Training (DET), should make every effort to explore ways to minimize the overpayment of benefits and the Department's administrative costs while minimizing any additional administrative burden placed on employers. Some of the areas to explore include:
 1. Encourage employers to provide timely separation data on request.
 2. Examine how additional training programs could result in reduced unemployment rates and recommend methods to fund these programs (without using unemployment insurance funds).
 3. Improve claims verification efforts to discover disqualifying items (such as a voluntary quit, discharge for misconduct or unavailability for work).

4. Improve efficiency of DET's electronic filings and information management with an upgraded computer and network system.
5. Develop a procedure and system for tracking employment searches by claimants.

III. Livable Income Issues

Legislators and others are considering a variety of recommendations on how to span the gap between wages of working Vermonters and what it costs to meet a family's basic needs. The Chamber and GBIC share the desire to find ways to span this gap. We also support good jobs, good working conditions and good benefits for all Vermont workers.

In our view, a vigorous, relatively unfettered economy operating without government mandates is the best way to achieve the goal of livable incomes for Vermonters. What is needed is a commitment by public sector leaders as well as community based and business organizations in Vermont to create higher paying jobs by enhancing the economic climate, encouraging increased investment in Vermont enterprises and providing more opportunities for training and education of Vermont workers. There should be a strong focus on creating higher paying jobs for Vermont workers rather than providing other government programs to span the gap between wages of working Vermonters and what it costs to meet a family's basic needs.

Furthermore, in our market economy, the growth of wages is a direct outcome of productivity and skill. Any strategy designed to increase wages must have two important components: (1) businesses and organizations which create jobs and (2) a significant degree of individual responsibility. Workers must be motivated to pursue further education and training.

There are some public policy initiatives that could help Vermont achieve greater opportunity for livable incomes for its workers such as:

- Initiatives to lower costs – focus on public policy initiatives that will result in a lower cost of doing business in Vermont as well as a lower cost of living in Vermont
- Strategic planning – identify high wage jobs as a priority in the development of strategic plans for various state agencies
- Training, education and other programs – target public investment to training programs for higher wage jobs, public education and other programs (such as technical education for grades 9-12 and adults interested in upgrading skills) that eliminate barriers to employment and better prepare citizens for the workforce.
- Tax policy – consider the feasibility and cost-effectiveness of tax credits or incentives for businesses that significantly invest in upgrading the skills of current workers

The Chamber and GBIC acknowledge the importance of achieving a livable income for working Vermonters and of raising the broad public awareness of the importance of this issue. At the same time, we recognize that there are no easy solutions. Continued dialogue among the interested and affected parties in developing both private and public strategies that positively impact the earning capacity of Vermont workers is supported by the Chamber and GBIC.

IV. Mandated Minimum Wage Increases

Some Vermont legislators have proposed substantial increases in the minimum wage as a means of improving the standard of living for Vermont workers. Such an approach ignores that Vermonters' overall employment satisfaction and security depend not only on hourly wages but also on a positive work environment, opportunity for advancement, training programs and additional benefits, including such things as health care, retirement and educational benefits. If the Vermont Legislature approves a substantial increase in the minimum wage, businesses will be forced to make difficult economic choices. The consequence of a substantial increase in the minimum wage for existing businesses could mean reduced non-wage benefits or other opportunities for employees, direct job loss, a slowing of job expansion or an increase in the cost of goods or services for consumers. A substantial increase in the minimum wage will also make Vermont less competitive with businesses looking at locating in this state.

The Chamber and GBIC support the business community in its efforts to provide Vermont workers with secure jobs that provide a high quality of satisfaction and total compensation. As an alternative to mandated substantial increases in the minimum wage, we support efforts by the state to improve the economic environment and to recruit new businesses and support existing business that offer high wages and benefit packages.

V. Mandated Employee Benefits and Work Conditions

The Vermont Legislature has considered numerous proposals to mandate employers to provide certain prescribed employee benefits such as health insurance, benefits for part-time employees, work breaks at prescribed times and duration and so on. The Chamber and GBIC do not support the mandating of such benefits.

Mandated employee benefits and work conditions likely will have an adverse economic impact on Vermont's businesses, including small businesses, which are the life's blood of Vermont's economy. Instead of imposing such restrictions on Vermont businesses, we encourage Vermont employers to continue the trend of providing flexible benefits programs that effectively balance the needs of the individual employees with the cost to the employer of providing such programs.

VI. Other Employment Issues

In recent years, several other employment-related bills were considered by the Vermont General Assembly. After reviewing the various bills and considering the questions noted above, the Chamber and GBIC recommend the following positions:

- A comprehensive drug testing law is an appropriate tool for protecting both businesses and employees in a safer, cost effective work environment. Although some changes were made to this law in 2001, the statute still lacks key components. We support cost-effective drug and alcohol testing legislation that improves an employer's ability to maintain a safe and more productive workforce with fewer workers' compensation claims. Specifically, employers should be allowed to perform post accident testing as part of these efforts.

- Support for legislation that allows limited immunity for employers who provide truthful employee references. This would allow prospective employees to obtain references that may assist them in finding employment and not subject former employers to litigation risk for providing such information.
- Opposition to legislation that alters the current system of discharging employees at-will as not necessary and having adverse consequences on the ability of Vermont businesses to compete, especially due to costs associated with arbitration.
- Opposition to legislation that prohibits the hiring of permanent replacement employees during labor disputes as having adverse effects on Vermont businesses and as more properly addressed by amendments to federal labor law.

NOTE: The Chamber and GBIC have position statements on related subjects, including economic development, tax and fiscal policy, health care and regional technical academy.

Approved by the GBIC Board on October 15, 2002 and the Chamber Board on October 23, 2002.