

Economic Report to Town of Bennington Select Board

Monday, April 22, 2024

Last week, in preparation for tonight's presentation, the Southwestern Vermont Chamber conducted a survey with Bennington businesses members asking them about their economic outlook. We had nearly 44 business owners fill out the survey.

INSIGHTS:

- When asked: How would you rate the current state of the local economy for your business, on a scale of 1 to 5, with 1 being very poor and 5 being excellent?
 - 2.3% indicated 5 or excellent
 - 40% indicated 4 or good
 - 40% indicated 3 or fair
 - 14% indicated 2 or poor
 - 4.7% indicated 1 or very poor
 - Our interpretation of this data is that the Bennington economy is steady and stable with 80% feeling okay about the economy with some concern around the nearly 20% struggling at the poor or very poor levels.
- When asked: What impact, if any, have recent national/state/local policies had on your business operations and growth prospects? Our businesses answered with various open-ended comments. We've sorted those remarks into 4 categories:
 - **1. Economic Policies and Inflation Impact:** Respondents express concerns about inflation caused by national policies, leading to decreased discretionary income, reduced consumer spending, and increased costs of goods and services. They also mention the impact of taxation, including tax increases and the removal of rebates, on their businesses' profitability.
 - **2. Regulatory and Policy Challenges:** Business owners highlight various regulatory challenges such as cannabis potency caps, advertising regulations, liquor license denials, and new federal funding requirements affecting their operations negatively. They also mention concerns about education costs and policies, as well as the impact of immigration restrictions and social taxes like paid family leave.
 - **3. Cost of Living and Business Operations:** The rising costs of housing, utilities, and rental space are cited as challenges to business growth and profitability. Additionally, concerns about high interest rates, labor shortages, and increased business costs, including software and fuel expenses, are mentioned.

- **4. Market Conditions and Industry-specific Challenges:** Some responses point out industry-specific challenges such as healthcare provider compensation issues, changes in insurance policies affecting caterers, and the impact of online shopping on local businesses.

DIRECT COMMENTS:

- *The payroll tax will impact us and also some of the smaller taxes that have been passed recently.*
- *Healthcare provider - compensation from government & commercial insurance has not kept up with inflation*
- *National policies have played a role in the amount of money consumers have available for items beyond the basics.*
- *The current administration has created Sky high inflation which has a serious effect on all economies across the nation!!! Costs of goods and services are inflated to make up for this. People do not have as much discretionary income, therefore are not eating out as much.*
- *Rate of inflation and rising costs results in less spending for ancillary products and services*
- *We work with rebates and they have taken them away and then raised taxes*
- *The tax increases and the transfer taxes were a gut punch to the already bad housing crisis*
- *Taxes, labor, and high utility costs, such as energy, due to government policy are taking too much of my margins and may not be sustainable for a modest market like Southern Vermont*
- *With cost of everything being so high no one can afford luxuries*
- *Encouraging people to shop online and not at their local stores*
- *Lack of discretionary income = fewer customers*
- *Both the cap on cannabis concentrate and flower potency have hindered my business and pushed sales to MA. Also, extreme advertising regulations make marketing extremely hard.*
- *Inflation has negatively affected our gross sales - a double whammy since retail prices have increased at the same time. That in conjunction with higher business costs have reduced our profitability.*
- *We have been denied a liquor license which impacts our future planning.*
- *The new BABA requirements for FY24 federal funding create all new obstacles for development. I am also really concerned about the education tax increases. Nobody can articulate why the cost is going up so much. But then in schools I see many new DEI positions and a huge increase in kids that don't even know what gender they are. VT has the highest cost for education per capita in the country and one of the least effective education systems. Our legislature is throwing money at a broken problem and they are blind to the trade offs. This, on top of many other issues, makes it feel like our policy makers do not understand economics.*

- *High interest rates... will kill growth. Policies are impacting inflation IMO.*
 - *It is inconceivable to think that the policies of our current government are not affecting small businesses nationally. Reckless spending, reckless immigration policy and a disregard for the working middle class is a recipe for failure.*
 - *Social taxes, like paid family leave, will be hard on small businesses. Taxes, in general, are so high, along with worker's comp, etc. The impact is considerable.*
 - *housing and rental shortage*
 - *The increase in taxes both locally and at the state level has us discussing whether VT is the best place to grow our business.*
 - *Increased business costs have hurt profit margins tremendously, but it's not a policy issue, it's gouging by software vendors, fuel industry and labor shortages.*
 - *Perhaps immigration restrictions have kept the labor market tight?*
 - *Vermont insurers got really weird, in the last year, about insuring caterers. We were unable to get insurance and thus dropped our catering and liquor licenses. We're agile, and will be fine but not everyone is.*
 - *We have not seen a decline in our business*
 - *Housing is too expensive*
 - *Relaxation of act 250*
 - *Rental prices for operations space have stalled our plans to grow our business at this time.*
- When asked: In the next 12-18 months, do you anticipate any significant challenges or opportunities for your business? Participants had a variety of open-ended responses. Again we've grouped responses under six themes:
 - **Housing Economic Impact:** Several respondents mention housing as a significant concern, highlighting challenges related to construction, availability, and affordability. They recognize the potential impact of housing initiatives on downtown revitalization and overall economic growth.
 - **National Political Influence:** Business owners express concerns about the potential impact of the next presidential election on the economy and their businesses, suggesting that political changes could affect stability and growth prospects.
 - **Business Challenges and Opportunities:** Challenges such as rising costs of goods and utilities, difficulty in finding qualified staff, and uncertainty in the economic climate are mentioned. However, there are also opportunities identified, such as expanding services, increasing collaboration, and leveraging marketing efforts to attract customers.
 - **Labor Market and Recruitment Issues:** Respondents highlight difficulties in hiring qualified professionals and labor shortages, which may necessitate

changes in business operations or expansion strategies.

- **Inflation and Financial Strain:** Concerns about inflation and its impact on business expenses, product costs, and wage increases are prevalent. Some express frustration over the imbalance between sales income and rising costs, posing challenges to profitability and sustainability.
- **Seasonal Business Considerations:** Businesses with seasonal revenue cycles anticipate fluctuations in activity and plan accordingly, relying on events and online traffic during peak periods to drive sales.

COMMENTS

- *Help and the cost of goods*
- *Housing!*
- *I feel filling the Putnam Project retail spaces would help all of us in the downtown area of town.*
- *The next Presidential Election will have a direct instant effect on both, depending on who becomes President.*
- *We create our own opportunities*
- *We have already laid off two employees and we might be looking at laying of 2 more*
- *Loads of potential customers, few who have significant budget for our services.*
- *I would like to build a collaboration for getting homes built*
- *Increasing costs of goods and utilities is a constant struggle.*
- *We will continue to be the industry leader in marketing and promotion of Main Street.*
- *Increased in person attendance*
- *Challenges- Building maintenance and repairs; Opportunities- Increased number of events in downtown*
- *Expanding our hours into dinner should prove to be a positive step moving forward.*
- *Yes, the rising costs of everything leave almost nothing left for the business owner who is working the hardest and taking the biggest risks. Even though I do fairly well in sales, the costs and expenses are not in the right proportion to Income*
- *Yes. Doing enough business to stay in business successfully.*
- *Decreasing income*
- *Opportunities - Expand cultivation and manufacturing; Challenges - Increase tourism to Bennington*
- *Inflation and customer's reduced spending capabilities will continue to negatively affect our business. Also, the additional payroll tax being implemented in July will make it more difficult to sustain payroll much less consider raises.*
- *Hoping no significant upcoming challenges.*

- *Finding help is difficult. It makes expanding much harder.*
 - *Both, significant challenges = significant opportunities.*
 - *The cost of doing business in the state of Vermont every year goes up at a rate faster than most businesses can raise its pricing. That is the biggest challenge in general for the next one to two years.*
 - *Inflation affects our product costs and wage increases for our employees. We then have to pass the cost on to our customers.*
 - *Employment and inflation*
 - *possible construction*
 - *While we have had success hiring entry to mid-level positions, finding qualified professionals has been a real challenge. This will eventually cause us to have to grow in a different geographic region.*
 - *If the presidential election reverses I expect the economy to freeze again. Otherwise, we should see a stabilization continue in our economy and hopefully internationally.*
 - *Unavailability of labor is and will probably remain our biggest challenge. Also, the economic climate has been increasingly uncertain and volatile; there have been large fluctuations, year over year, that have made planning difficult.*
 - *We may need to Hire a person*
 - *Finding qualified staff*
 - *Housing*
 - *Getting worse*
 - *Our products are considered seasonal so the next several months we will have an incredible revenue. Since we are not brick and mortar and really on events and website traffic this will be the time of year we are more busy.*
- When asked: Do you have plans to grow or expand your business in the next 12 months?
 - 40% of respondents indicated yes
 - 60% indicated not at this time
 - When asked: Are you finding it possible to hire workers to fill job openings in your business?
 - 45% indicated yes
 - 55% indicated no
 - When asked: Do you have plans to retire and/or close your business in the next 1-3 years?
 - 80% indicated no
 - However, 20% indicated yes
 - We believe this is going to be one of the more acute issues in Bennington and Vermont in the next 3-5 years. We at the chamber need to partner with our colleagues and town leadership to create solutions to avoid this upcoming cliff.

- Finally, we asked: As a business owner in Bennington, what keeps you up at night? Participants answered in the following categories:
 - **1. Downtown Environment:** There are concerns about crime, drug-related activities, and homelessness affecting downtown shopping and safety, alongside worries about shoplifting and lack of awareness among potential customers.
 - **2. Housing and Economic Impact:** The availability of affordable housing for employees and residents relocating to the area is identified as a significant need, with housing issues influencing workforce retention and business growth.
 - **3. Business Operations and Challenges:** Challenges such as staffing shortages, increasing costs, low sales, and administrative burdens are mentioned, alongside frustrations with regulatory inconsistencies and competition from illegal operations.
 - **Economic and Political Factors:** Respondents express concerns about the overall economic direction, tax rates, political instability, and the impact of global conflicts and elections on business operations and consumer confidence.
 - **Tourism and Marketing:** There are critiques regarding the state's focus on housing over tourism and economic development, with calls for greater investment in marketing and incentives to attract tourists and support local businesses.
 - **6. Personal and Operational Stress:** The stress of managing day-to-day operations, finances, staffing, and time constraints is acknowledged, alongside personal worries about the impact of business challenges on mental well-being.

COMMENTS:

- *Worry about getting enough help and what new taxes our representatives will think of. They have added a payroll tax and raised our fee on quite a few programs. Also the drug problem in our state and the safety of our employees.*
- *Concerns that local people will stop or not come downtown to shop and support the small local businesses because they are not aware of what is available or are afraid to shop downtown due to the increase of Drug dealers, users and homeless people*
- *Adequate, affordable housing for those relocating here for positions⁴*
- *Shoplifting is a big concern for all the downtown shopkeepers.*
- *The lack of tourism and loud crickets!*
- *Too much status quo in Bennington. Thus, new initiatives and goals are always met in a non supportive and collaborative manner.*
- *Keeping jobs coming in so we can keep all our employees and keep doors open*

- *State level policy, we rarely operate in Bennington.*
- *Donald Trump*
- *Funding challenges*
- *Staff vacancies, increasing costs*
- *The stress of trying to do it all- the day to day operations, managing finances, maintaining the building, managing employees, advertising, etc, etc, etc,*
- *Staffing and managing staff.*
- *The above: a parasitic economy in which the producers of goods and services are bled dry until they go out of business. We are not a large economy with a large market, and scales are smaller, but many of our costs and expenses are like we live in a bigger market*
- *Lack of customers making purchases, some days I have total sales of \$40 or less. Hard to make the rent that way.*
- *I sleep very good at night.*
- *Significant reduction in sales this winter*
- *The overall direction our state is headed in - lack of consequence for crimes, lack of mental health assistance for those in need, increased tax burdens, driver's licenses being issued to those with no ID, out of control spending on limitless programs, exorbitant housing/property tax prices and inflation in general. As a native Vermonter I am sad that it is becoming almost impossible for Vermonters and their families to live here.*
- *The cold weather!*
- *I worry that the local government is not doing enough to deter drugs and crime and that this will enter new businesses from coming to Bennington. In order to survive downtown I need more businesses to open downtown. Also finding people who want to work is a real challenge in this area.*
- *Too much to do and not enough time in the day. I don't lay awake in bed.*
- *Lack of skilled labor pool.*
- *A local and state culture that does not reward the working middle class and the fact we have become a welfare state with a huge drug issue.*
- *Vermont is not marketing itself to tourists the way that it used to. It's pushing away from tourism and spending too much time focusing on housing and the lack thereof. Vermont is also not investing in businesses or industry. Catering to the aging population and homeless costs money and there's no push or incentives to generate anything to replenish the coffers.*
- *A major world conflict is a flashpoint that could happen that would impact every business and the world economy.*
- *The next election*
- *If my employees will come to work*
- *The increase in taxes both locally and at the state level has us discussing whether VT is the best place to grow our business. I have no problem paying my fair share, but the current rates(already some of the highest in the nation), and the local and state level desire to continue to increase these rates, our creating a competitive disadvantage to our business when compared to other states.*

- *Deadlines and the quality of the workforce I'm trying to get to take on responsibilities.*
- *Political and climate instability*
- *The disparity between how businesses are monitored/treated. For example, there is a cafe operating in town that does not have a health inspection. That's not good for the health and safety of the community but it's also not leveling the playing field between those who pay and do things correctly, and those who choose to operate a restaurant illegally.*
- *Peeper frogs!!!!*
- *Staffing needs*
- *The constant stream of accounts payable*
- *Affordable housing*
- *Slow business*
- *Nothing, we wear ourselves out each day and have no trouble sleeping*

From the Chamber's perspective, on behalf of our business members, here are three recommendations we offer to the Bennington Select Board tonight:

- **To address downtown safety and economic vitality:** Implement measures to enhance downtown safety, such as increased law enforcement presence, community policing initiatives, and support for programs addressing homelessness and substance abuse. Additionally, prioritize economic revitalization funding and local destination marketing funding to attract businesses and shoppers to the downtown area.
- **To address the housing challenge and workforce retention:** Work with stakeholders to develop strategies for increasing workforce housing options, such as incentivize mixed-income developments, streamline regulatory processes for construction where possible at the local level, and partner with developers and nonprofits to address "across the spectrum" housing needs.
- **To support small business sustainability and growth:** Provide support and resources for small businesses, such as investment grants, tax incentives, and technical assistance programs. Strengthen communication and understanding around regulatory processes to reduce administrative burdens and frustrations. Foster a supportive business environment through collaboration with the local chamber, downtown associations, and economic development organization.

GROW Relocation and Retention Specialist and Initiative.

As you are all aware and it was indicated in the survey data, attracting and retaining a diverse workforce and vibrant population is essential for the continued growth and prosperity of our community.

In January of this year, the Chamber and our sister organization, the Shires Young Professionals, were one of 12 across the state that were selected for the Grants for Relocation Outreach Work (GROW) program through the Vermont Department of Tourism and Marketing (VDTM).

The GROW program, as we're calling it, aims to support new resident relocation, recruitment, and retention activities. Part of the program aims to complement and support the State's relocation lead generation on ThinkVermont.com and the "Connect with a Vermonter" form where people from all over the country fill out the form and get connected to a regional liaison. In the last 30 days we've already received 6 inquiries from interested families looking to move specifically to Southwestern Vermont.

The other element of the program focuses on retaining residents, especially new residents, in Bennington. By organizing events and activities to connect Vermonters to one another in our community we are working to help new residents feel welcome and build roots in our town. Our Shires Young Professionals will play a crucial role in the retention of new Vermonters and working with employers and the community.

At the heart of this program is our newly hired GROW Specialist, Luis Lascari. Originally from the Laredo Economic Development Corporation in South Texas, Luis himself made the journey across the country and moved to the Green Mountain state 3 years ago. He joined the Chamber staff last Monday and has already begun the "concierge" work of attracting new people to our region.

Our relocation and retention program is not just about filling job vacancies or boosting our population numbers – it's about creating a welcoming and inclusive community where everyone feels valued, supported, and inspired to call Bennington home.

Through targeted outreach, personalized support, and strategic partnerships, we aim to build connections, foster belonging, and ensure that Southwestern Vermont remains a place where individuals and families can grow roots and flourish.

We can't do this alone. We need the support and collaboration of all stakeholders – from local businesses and educational institutions to community organizations and local government entities such as yourselves.

For more information on the program, especially if people are new to Bennington or want to move to Bennington, they can visit www.relocatetovermont.com.