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Sent: Wednesday, October 30, 2024 11:33 AM
To: PUC - Clerk <PUC.Clerk@vermont.gov>
Cc: Harrington, Michael <Michael.Harrington@vermont.gov>; Degree, Dustin <Dustin.Degree@vermont.gov>
Subject: Vermont Department of Labor, Commissioner's Testimony to the Vermont Public Utilities Commission re: PUC#23-2220-RULE - Clean Heat Standard Rulemaking - Public Hearing on Draft Rule

Dear Public Utilities Commission Clerk and Commissioners,

Please find attached the Commissioner's testimony regarding the Department's perspective on some potential economic impacts of the Clean Heat Standard required by Act 18. The Commissioner offers this testimony for inclusion in your upcoming public hearing regarding the draft rule for Clean Heat Standard Rulemaking scheduled for October 30, 2024, at 6:30 p.m.

Please feel free to reach out with any questions you may have.

Best Regards,
Robert Depper

 **VERMONT**
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MEMORANDUM

To: The Public Utility Commission
From: Commissioner Michael Harrington, Department of Labor
Date: October 30, 2024
Subject: Clean Heat Standard Impacts on Unemployment Benefits

The Vermont Department of Labor appreciates the opportunity to provide testimony to the Public Utility Commission on the impact of Act 18 of 2023, otherwise known as the “Clean Heat Standard,” on the Vermont Unemployment Insurance (UI) System. Employers, claimants, and the UI Trust fund could all be negatively impacted by consequences arising from the implementation of the clean heat standard.

Currently, Vermonters who experience employment loss through no fault of their own are typically eligible for roughly 57% of their current compensation (up to a maximum of \$729 per week) for a period of 26 weeks.

UI benefits are calculated using an individual’s prior wages, which are based on a statutory calculation that may take into account wages earned up to 18 months prior to an individual’s layoff. Weekly benefits may not adequately account for an individual’s current income loss. While the maximum weekly benefit amount increases on an annual basis, adjusted in accordance with any increase in the average weekly wage, most UI claimants are not eligible to receive the maximum benefit amount.

Significant increases in household costs diminish the efficacy of weekly UI benefits. Further, many costs associated with the clean heat standard will be shouldered by employers. This additional overhead could have a negative effect on wages, future wage growth, and the total number of workers in Vermont.

The Department still sees a job and labor market that has faced incredible challenges through the pandemic. After four and a half years, Vermont is just now approaching benchmarks that were set pre-pandemic. Monthly data shows 315,800 jobs in the Vermont economy as of September 2024, which is equal to the number of jobs in February 2020, the month before the economic impacts of the pandemic were realized. Over this time period, the population of Vermont has increased by approximately 20,000. Much of this increase can be found in populations not in the labor force – specifically retirees on fixed incomes.

Any added costs to Vermonters receiving unemployment benefits will diminish the level of support those claimants receive as they search for new employment. It will also inhibit the ability of employers to increase wages and expand employment opportunities.

The Department thanks the PUC for the opportunity to share its testimony.

DocuSigned by:

Michael Harrington

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