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VERMONT SUSTAINABLE JOBS FUND

Vermont's Green Economy Speeds Up



Photograph: Ellen Ecker Ogden, *The Vermont Cheese Book*

In the summer of 1994, a group of approximately 15 business leaders convened for a daylong retreat in a rural meadow to discuss their long-term vision for the state of Vermont. All were members of an organization called Vermont Businesses for Social Responsibility (VBSR), an organization whose mission is to support and encourage socially responsible business practices and public policy initiatives. The leaders committed to a vision that included the idea of creating a state entity to support the development and creation of “sustainable” jobs, which were defined as jobs consistent with VBSR core values—protection of the environment, social justice, and economic equity. (See “What Sustainable Means to Vermont.”) These leaders formed the Sustainable Jobs Coalition to pursue legislation that would translate their vision into reality.¹



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Since the 1960s, Vermont has had a reputation as a national leader on conservation, thanks to laws protecting the environment, including a landmark land use law, the billboard ban, the bottle deposit law, Green-Up Day, and the Scenic Preservation Council. Most companies that rely on Vermont's green image and fertile land to grow and sell their products approve, and many company leaders are in VBSR. They see an opportunity for growth through cooperation and networking, particularly in the area of marketing and advertising, where pooling resources can really pay off.

Consider one industry example of collaboration. Vermont's artisan and farmstead cheese makers rode a wave of national popularity in the 1990s. But as Cabot Creamery's director of marketing, Jed Davis, recalls, they were "really pretty darn insignificant compared to big states like California. We knew that we weren't going to gain as much by being competitors as we are by cooperating." To grow their businesses—and create new jobs for Vermonters—participants in the state's cheese industry knew they would need to work together to build their reputation as the premier source for small-batch, farmstead cheeses.

So VBSR developed the idea of a sustainable jobs fund. The fund would support growing enterprises and business networks that demonstrated commitment to a dual bottom line—making profits while pursuing social responsibility for the environment, social justice, economic equity, and an increased number of jobs.

The purpose of the Vermont Sustainable Jobs Fund (VSJF) was to create a non-profit arm of the state that, with an initial state investment, would be able to attract funding from the federal government and private foundations to support the development of sustainable jobs. VBSR, in concert with allies such as those in the Sustainable Jobs Coalition, crafted and passed the legislation in 1995 with the modest appropriation of \$250,000.

Grantmaking

The VSJF's initial approach was twofold: plant as many seeds as possible by providing grants, and build networks to support existing or emerging businesses. VSJF has acted as a catalyst, leveraging good ideas, technical know-how, and financial resources to propel innovation in sustainable development, especially in the realms of organic agriculture and local food systems,

What Sustainable Means to Vermont

The Vermont Sustainable Jobs Fund was established by the Vermont Legislature in 1995 to build markets within the following natural-resource-based economic sectors:

- environmental technologies;
- environmental equipment and services;
- energy efficiency;
- renewable energy;
- pollution abatement;
- specialty foods;
- water and wastewater systems;
- solid waste and recycling technologies;
- wood products and other natural-resource-based or value-added industries;
- sustainable agriculture; and
- existing businesses, including larger manufacturing companies striving to minimize their impact; and
- waste through environmentally sound products and processes.

The VSJF works with entrepreneurs and consumers to develop both the supply of and demand for goods and services that provide sustainable alternatives to economic practices that could cause negative impact over time.

Success has come through a combination of targeted, early-stage funding, technical assistance such as business coaching and the Peer to Peer Collaborative, and a focus on the long term.*

* See http://www.vsjf.org/peer_collaborative/purpose.shtml.



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sustainable forestry, and biofuels (locally grown for local use).

Since 1997, the VSJF has made grants of more than \$2.7 million to 150 recipients. Grantees have utilized these funds to leverage an additional \$11.8 million to implement projects, test ideas, and assemble the building blocks of a green economy. Their combined efforts have created approximately 800 local jobs, supported community development initiatives, preserved resilient ecosystems, filled vital needs in Vermont's economy, and provided new models for moving forward.

VSJF funding in 1998 and 2003 was used to help form the Vermont Cheese Council (VCC) and to help its first 12 members market their products, share techni-

cal assistance, develop quality standards for Vermont cheeses using the Council's label, develop a fund-raising plan, complete the VCC web site, and produce a logo. Today, two-thirds of VCC's now 36 members have won awards. At the 2006 American Cheese Society Conference, the Clothbound Cheddar collaboration between Jasper Hill Farm and Cabot Creamery won best in show.

"People were scratching their heads," laughs Davis. "Cabot makes the cheese? And Jasper Hill ages the cheese? And you don't fight about this? For that cheese to win best in show provided validation for everything that Vermont is all about. Not that there's just great cheese coming out of here, but that our whole approach to it is innovative and unique."

The VCC represents a transition from commodity to value-added agricultural production, which yields a higher rate of return for farmers and a more diverse range of local products for consumers.

Network Building

With limited funds, VSJF was forced to become innovative in supporting businesses. VSJF saw that every successful business is embedded in a network of relationships, and the stronger the network, the more sustainable, flexible, and resilient the business. The power of networks was a notion derived in part from Robert Putnam, author of *Bowling Alone*, who refers to social capital as "the connections among individuals (social networks) and the norms of reciprocity and



Photographs: Ellen Ecker Ogden, *The Vermont Cheese Book*

trustworthiness that arise from them.”

Social capital can be linked positively to innovation, to sales growth, return on investment, international expansion success, and the like. Given Vermont’s size and connectedness, it’s not surprising that the state is ranked third in the country according to Putnam’s social capital index. And VSJF saw that creating a supportive environment to nurture and sustain these kinds of business networks and organizations would be a prudent way to use limited development resources.

VSJF grants helped enable more than a dozen networks, representing 1,600-plus businesses, to do the kind of strategic planning, capacity building, information

sharing, market research, joint marketing, and policy development that are crucial to developing a unified voice and competitive advantage in a sustainable economy.

Market Building

VSJF also recognizes the importance of developing markets for existing businesses. They take the perspective that markets are made through interactions among businesses, government, nonprofit organizations, communities, and other resources. For example, four years ago biodiesel was not available in Vermont. VSJF and its partners conducted pilot projects and educational activities that introduced biodiesel to large-scale institutional and commercial diesel

users, in addition to residential heating oil customers.

To realize this success, VSJF in cooperation with the University of Vermont Extension Service, conducted on-farm oilseed production and feasibility studies to help farmers familiarize themselves with these new crops. They helped a small nascent biodiesel producer expand his capacity with new equipment, enabled several farmers to construct on-farm production facilities, and assisted the installation of biodiesel pumps at a fueling station. With a little over \$2 million invested over the past four years, more than 30 locations in the state now carry biodiesel, many farmers are in the process of developing farm-scale biodiesel production capacity, and over 4 million gallons were consumed in 2007.²

VSJF also has committed to extending its influence outside Vermont borders. It is now in the process of codifying Vermont’s model of local production for local use into a set of sustainable biofuel principles, policies, and practices that could be applicable in other rural states.

VSJF’s experimentation has affirmed that a little goes a long way. With investments and technical assistance targeted at the development of markets for sustainably produced goods and services, the building blocks of Vermont’s green economy are ready to go mainstream.

Bruce Seifer, *Burlington’s assistant director for economic development, has worked for the city since 1983. He was instrumental in crafting the original concept for both the Vermont Businesses for Social Responsibility and the Vermont Sustainable Jobs Fund.*

Endnotes

¹ The author floated the original idea and included it in a Burlington, Vermont, economic development policy paper. Next it was presented to VBSR and discussed at their board, policy committee, and visioning meeting. The result was the Sustainable Jobs Coalition. Collaboration with a variety of organizations led to the passage of state legislation.

² The biofuels initiatives of Vermont Sustainable Jobs Fund (www.vsjf.org) have been supported by several foundations, state and federal sources (such as the High Meadows Fund and the U.S. Department of Energy’s Biomass Program), and U.S. Senator Patrick Leahy.

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