**Testimony on S.173 – An Act Relating to Vocational Rehabilitation**
***House Committee on Commerce and Economic Development |March 18, 2026***
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The Vermont Chamber of Commerce represents businesses of all sizes and sectors across Vermont, including employers and service providers who participate directly in Vermont's workers' compensation and vocational rehabilitation systems. The Vermont Chamber approaches policy conversations like this with a focus on ensuring Vermont remains a competitive place to do business while supporting strong workforce participation across our state.

At its core, the goal of Vermont's workers' compensation system should be twofold: ensuring injured workers have meaningful pathways back to employment while maintaining a stable and predictable system for the employers who fund it.

Vocational rehabilitation is an important tool in achieving that balance. Research consistently shows that the longer someone remains disconnected from the workforce, the more difficult it becomes to return to employment. Effective return-to-work systems therefore benefit both workers and employers.

In Vermont, this connection is particularly important. Our state faces one of the tightest labor markets in the country and helping individuals successfully return to employment is part of strengthening workforce participation and supporting economic growth.

At the same time, available data suggests Vermont's workers' compensation system has been functioning relatively well in recent years. According to data from the National Council on Compensation Insurance, workers' compensation loss costs in Vermont have declined steadily over the past several years, indicating a level of stability within the system.

Stakeholder testimony has indicated that the current vocational rehabilitation screening process is playing an important role in helping determine which cases may benefit from full vocational rehabilitation services. Available information suggests that a meaningful share of screened cases do not ultimately proceed to full vocational rehabilitation, indicating that the screening process may help ensure services are directed to the workers who are most likely to benefit.

When a system is showing signs of stability, it is particularly important that policy changes be informed by reliable data and carefully calibrated.

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The Chamber appreciates several aspects of the Senate-passed version of S.173. Providing workers with clear information about their vocational rehabilitation rights can improve transparency, and the requirement that services be delivered by Vermont-certified vocational rehabilitation counselors helps maintain professional standards within the system.

We also appreciate the inclusion of the vocational rehabilitation working group. The questions outlined in the bill, including how to identify workers who may need services earlier and how to ensure the system remains timely and cost-effective, are important policy questions that merit deeper stakeholder discussion.

As the committee continues to evaluate this proposal, the Vermont Chamber offers a few considerations that may help strengthen the bill while preserving the stability of the system.

First, maintaining an appropriate screening or triage step before full vocational rehabilitation services are initiated may help ensure that services remain targeted to the workers who would benefit most.

Second, reinforcing the principle that vocational rehabilitation plans should remain reasonable and cost-effective in achieving return-to-work outcomes helps preserve important guardrails within the system.

Third, ensuring that vocational rehabilitation services remain well coordinated between injured workers, employers, insurers, and rehabilitation professionals can help align services with realistic return-to-work opportunities.

Finally, improving data collection and reporting on vocational rehabilitation outcomes, such as utilization, return-to-work rates, and program costs, could provide policymakers with valuable insight to guide future improvements.

Ultimately, Vermont's workers' compensation system functions best when it helps injured workers successfully return to employment while maintaining predictability for the employers who sustain the system. The Vermont Chamber looks forward to continuing to engage constructively in this conversation and supporting solutions that strengthen workforce participation, support Vermont businesses, and enhance the state's economic competitiveness.