



STATE OF VERMONT  
OFFICE OF THE STATE AUDITOR

**VEGI Documentation**

The mechanics of the application process can be challenging for companies,<sup>1</sup> but the requirements for documentation are modest. The Table below contains some of the items included in the application checklist, but VEPC requires back-up documentation for only a handful of items (see highlighted cells below).

VEGI Application Checklist		
Project location	Project description	Incentives sought elsewhere
Primary business activity	Infrastructure needs	Public financing
Single entity or multiple	“But for” statement	Business plan / Financials
Other facilities located in VT	Advertising for jobs	Competition
Brief history of the company	Sought permits	Impact on VT businesses
Letter of good standing from the Tax Department	Purchase & Sale (P&S) agreement or leases	Expenditures made prior to authorization
Letters of support (municipal & Regional Planning Commissions)	Employment, payroll & benefits (recent & proposed)	Planned capital expenditures

The program’s failure to require evidence in support of most self-attestations is at odds with the State’s Internal Control standards, which call for verification of information supplied by applicants when “reviewing...a participant’s eligibility for State program services.”

*“Verification...is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events or information. It is a control activity that enables management to ensure activities are being performed in accordance with directives. Management should determine what needs to be verified, based on the risk to the department if there were no verification.”<sup>2</sup>*

**The lack of supporting documentation and verifications characteristic of the VEGI program contrasts sharply with that required of low-income applicants for public assistance.** The table below compares corresponding application requirements for Vermont Department for Children and Families (DCF) programs<sup>3</sup> with those of VEGI.

<sup>1</sup> In our review of communications between applicants and VEPC staff, it was not uncommon for applicants to seek assistance navigating VEPC’s Grant Electronic Application and Reporting System (GEARS).

<sup>2</sup> [Internal Control Standards: Guide for Managers](#), Finance & Management Edition 2.0, 9/3/2019. Page 15.

<sup>3</sup> Application provided by DCF and can be accessed [here](#). It is used for 3SquaresVT, Reach Up, Fuel Assistance and Essential Person.

Documentation Required			
DCF applicant family	DCF	VEPC	VEGI applicant company
Ever convicted of beneficiary fraud?	Yes	No	Ever convicted of tax fraud? <sup>a</sup>
		No	Ever convicted of labor or environmental law violations?
Cash and amount in a bank?	Yes	No	Liquidity or access to capital? <sup>b</sup>
EITC or other public assistance? (can be validated with SS#)	Yes	No	Publicly funded business grants, incentives or other assistance? <sup>c</sup>
Financial assistance from another state in recent years?	Yes	No	Business incentives from another state in recent years? <sup>d</sup>
Bank or other accounts (with account numbers)?	Yes	No	Bank or other accounts (with account numbers)? <sup>b</sup>
Types & amounts of income (with tax returns)?	Yes	No	Net revenue (with tax returns)? <sup>b</sup>

- a. VEPC requires a letter of good standing from the Tax Department, but the letter is current and provides no information on prior problems, if any.
- b. VEPC does not require any current or historical bank or tax records, although some applicants provide limited financial information.
- c. VEPC asks applicants if they anticipate any public financing for the proposed project, but not whether the company has benefitted from public subsidies in the past.
- d. VEPC asks applicants if they are negotiating with other states about incentives for the proposed activity, but not whether they have received incentives previously from other states.

The discrepancy in application requirements is especially incongruous considering the value of the benefits available to businesses compared to those of low-income families. For example, the average monthly family benefit for the Reach Up program in March 2020 was \$473 (or \$5,676 per year),<sup>4</sup> while the average VEGI award through 2019 is \$852,757.<sup>5</sup>

<sup>4</sup> Reach Up data.

<sup>5</sup> 2020 VEGI [Annual Report](#), Tables 1A and 1b, pages 10 and 11. Note that these awards are paid out over four to five years.