



3/12/2024

To: Senate Committee on Government Operations

RE: S.96 An Act Relating to Privatization Contracts

Associated General Contractors of Vermont (AGC/VT) is the trade organization for contractors and construction workers in Vermont. We provide industry specific training, Occupational and Safety Health Administration (OSHA) and Mine Safety and Health Administration (MSHA) certifications and are home to nationally recognized safety instruction. Our members employ 15,000-20,000 in Vermont annually with careers offering wages and benefits well above Vermont's livable wage. Our members perform contracts directly with state agencies including the Vermont's Agency of Transportation (VTRANS), Buildings and General Services (BGS) and Agency of Natural Resources (ANR).

The ultimate benefit of using contractor services is that it mitigates risks for the taxpayers in addition to filling gaps in services the state cannot. When the request for proposals goes out, contractors pick up all of the risk after award including inflation, workforce development, and unimagined obstacles like environmental challenges once a job is in action. During 2021 the state spent approximately \$850 million on its transportation program and due to inflation contractors had to absorb over \$80 million in price escalations with no options for repayment or to legally cancel their contracts. Having a health contractor network is critical to the state performing their basic services its citizens. Bills that overregulate or make it more challenging for contractors thins the market of bidders which drives pricing up. The agencies can elaborate on the thinning of bidders, particularly in state capital projects.

AGC/VT opposes S.96 in all its parts and requests that the bill be passed over for consideration. This perennial bill in prior formats sought to simply expand the threshold to trigger privatization contracts from 10% to 20% which we had opposed in the past, but the newest version includes provisions that would upend state contracting and seeks to manipulate wages in a way already considered under Vermont's Prevailing Wage and the Federal Davis Bacon Wage requirements.

At the core of the bill, it seeks to retain work that has gone out to privatization for state employees who are seeking work. This seems inappropriate at this time in particular as Vermont has over 1000 vacant positions and has given up searching for all but 400 advertised positions. The argument that state workers are missing out on work is simply untrue and is evidenced by the striking of the section defining a privatization contract to include the following language "and which results in a reduction in a force of at least one permanent, classified employee or the elimination of a vacant position of an employee covered by a collective bargaining agreement". Because we are not including that defining language, its clear this bill is designed to fundamentally change long established procurement policies that with few exceptions operate functionally as they should be.

The requirements to tie contractor wages to state employee wages disregard the realities of the already existing mandates for pay from Davis Bacon and Vermont's Prevailing Wage. It sets up a premise that a

contractor should be paying an imaginary rate that would need to be invented for many positions that do not currently exist in Vermont. This hypothetical arrangement ignores the real market wages that have driven state procurement.

The inclusion of additional steps in the approval and ongoing AGO oversight makes the bill even more challenging. Currently state contractors are already burdened with a long period of time between request for proposal response, agency decision and existing review period because inflationary issues are a weekly problem the market faces. Extending this period would exacerbate that challenge. Additionally, in no way would it be appropriate to pull back a contract if those inflationary issues occurred. Neither the contractors nor agencies can predict markets months, much less weeks in the future due to multiple inflationary, supply and workforce demands.

Please show your support to the good service providers that have continued to build Vermont by opposing S.96. Additionally, you'll be telling our 16,000 workers that you appreciate what they do too when in many cases they perform dangerous jobs to keep us safe.

Matt Musgrave
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VERMONT
 Statewide Recruitment and Vacancy Metrics

Count of Current Vacancies
 1085

Current Vacancy Rate
 11.3%

Department
 All
Press Ctrl + click on checkbox(es) to select more than one option.

Number of Vacancies by Job Title

Job Title	Count of Position
<input type="checkbox"/> ACCD Environmental Specialist	1
<input type="checkbox"/> Admin Support Coordinator	1
<input type="checkbox"/> Administrative Assistant A	2
<input type="checkbox"/> Administrative Assistant B	1
<input type="checkbox"/> Administrative Fire Captain	1
Total	1084

Number of Vacancies by Dept ID Desc

Dept ID Description	Count of Position
<input type="checkbox"/> ACTIVITIES	1
<input type="checkbox"/> Addition - State's Attorneys	1
<input type="checkbox"/> Adm-Commissioner's Office	3
<input type="checkbox"/> Adm-Health Planning	2
<input type="checkbox"/> Administration	3
Total	1084