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**State of Vermont**  
**Agency of Human Services**  
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Jenney Samuelson, *Secretary*  
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**SUBJECT:** Agency of Human Services - S.9 Concerns  
**DATE:** March 1, 2023  
**TO:** Senate Committee on Health and Welfare  
**FROM:** Todd Daloz, Deputy Secretary, Vermont Agency of Human Services

Dear Senators Lyons, Weeks, Hardy, Gulick and Williams:

The Agency of Human Services (AHS) respectfully submits for your consideration the following concerns with S.9, an act relating to the authority of the State Auditor to examine the books and records of State contractors:

- Prior to my appointment as Deputy Secretary, I served as AHS's General Counsel, overseeing AHS contracts and contracting procedure, in collaboration with our business office.
- AHS enters into hundreds of contracts and agreements each year. At any one time AHS has between 1000 and 1500 active contracts.
- These contracts range in value from smaller, thousand-dollar agreements with local consultants to multi-million-dollar agreements with national vendors and service-care providers.
- The State contracting process—particularly Attachment C and some of the additional federal terms required when a project is funded using federal dollars—is already a significant burden for many of our vendors and at the same time provides valuable tools for our departments to ensure State funds are being expended in line with the agreed-upon terms of the contract.
- For many of our critical service areas—for example crisis staffing—we are facing significant challenges in identifying qualified and capable bidders. Adding a layer of complexity to the required terms of the State contracting process, as S.9 would do, will likely shrink an already small pool of potential contractors for vital services.
- Under S.9, AHS would also lack the ability to negotiate over the proposed new requirement or even provide the vendor with clarity on what burden this might place on the contractor's operations. Without this clarity, AHS anticipates a large number of vendors would likely avoid agreeing to this degree of oversight.
- AHS is seeing contract negotiations extend due to protracted legal engagement, especially when the State represents a smaller-value contract for large contractors (where the State has less bargaining power).

- In summary, this provision will negatively impact AHS's ability to contract with vendors needed to provide necessary services to support Vermonters.

Thank you for considering this input and we are happy to answer any questions.

Sincerely,



Todd W. Daloz  
Deputy Secretary  
Agency of Human Services