

## Shirley Adams

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**From:** Bill Botzow  
**Sent:** Monday, April 27, 2015 9:31 PM  
**To:** Shirley Adams  
**Cc:** Hoffer, Doug; HOUSE\_COMMERCE  
**Subject:** Fw: S.138

Shirley, please post the following from Doug Hoffer for tomorrow's discussion.  
Bill

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**From:** Hoffer, Doug <[Doug.Hoffer@state.vt.us](mailto:Doug.Hoffer@state.vt.us)>  
**Sent:** Monday, April 27, 2015 4:44 PM  
**To:** Bill Botzow  
**Subject:** S.138

My remarks to the committee: re. VEGI and S.138:

It is not uncommon for the audit staff in my office to encounter data gaps and/or data that is unreliable, which sometimes inhibits our ability to conduct an audit. Fortunately, once informed, departments can cure the problem and we can return to the issue at some point in the future.

The VEGI program presents a much more serious problem. The very heart of the program is a subjective assertion by applicants that cannot be independently confirmed (the "but for"). Therefore, when called upon to audit the program, it is impossible for us to say whether it is performing well or not. VEGI is characterized by some as having no fiscal costs, but that assumes a foolproof "but for" which cannot be verified. With this in mind, I would urge caution in expanding the program.

Second, the attempt to link VEGI with the Vermont Training Program (VTP) raises some concerns. I have just completed a review (not an audit) of VTP and found some problems. Here is a quote from the draft memorandum:

"While the statute allows training grants to be used for new employees, such grants can only be awarded for training that is supplemental, rather than replacement. This is critical because any business hiring new workers for jobs that require more than short-term on-the-job training will have to train such workers, unless they have previous experience. Therefore, it's difficult to imagine what training would be supplemental for new hires since in most cases the company needs to train them anyway.

According to the 2014 Annual Report, the VTP paid for the training of 994 new hires from 2012 – 2014 at a cost of \$2.14 million, which is more than half of all VTP funds expended during that period. This raises serious questions about the program's interpretation of statutory standards and whether such subsidies are an appropriate use of public funds."

Until this issue is vetted and resolved, I would recommend against using VEGI funds in concert with the VTP.

And finally, speaking now as citizen Doug, not Auditor Doug, my long history with the livable wage compels me to say that I am concerned about the attempt to use it as a justification for subsidizing comparatively low-wage jobs. For reasons no doubt articulated by the legislature's economist, the proposed changes could result in taxpayers subsidizing employers whose workers receive public assistance. This makes no sense to me.

Respectfully,

Doug Hoffer  
Vermont State Auditor  
132 State Street  
Montpelier, VT 05633  
802.828.2281 P  
802.828.2198 F

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**From:** Bill Botzow [BBotzow@leg.state.vt.us]  
**Sent:** Monday, April 27, 2015 3:31 PM  
**To:** Hoffer, Doug  
**Subject:** Re: S.138 [Unscannable Attachment(s) Removed by DII's Messaging Gateway]

Doug,

Thanks for your offer. We are suddenly short of time. Are postable written comments possible as an alternative?  
Bill

Sent using OWA for iPad

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**From:** Hoffer, Doug <[Doug.Hoffer@state.vt.us](mailto:Doug.Hoffer@state.vt.us)>  
**Sent:** Monday, April 27, 2015 9:13:45 AM  
**To:** Bill Botzow  
**Subject:** S.138 [Unscannable Attachment(s) Removed by DII's Messaging Gateway]

Hi Bill

I see that your committee will be discussing and voting upon S.138 on Tuesday. I have reconsidered your invitation and think it's OK for me to comment on a couple of narrow issues. Let me know if you would like me to come in.

Thanks - Doug