

# Fingerprinting in Background Investigations for Certain State Employees in Vermont

## WHY

do we need to fingerprint state employees?



IRS Publication 1075, updated in 2016, mandates that state agencies receiving federal tax information (FTI) conduct background investigations to include fingerprinting.

All employees and contractors must have background investigations before they can get access to FTI.

## WHO

needs to be fingerprinted?



Five Vermont agencies are affected by this:

**Agency of Digital Services**  
330 employees

**Department of Taxes**  
185 employees

**Dept. of Children & Families**  
115 employees

**Dept. of Buildings & General Svs.**  
76 employees

**Dept. of Vermont Health Access**  
30 employees

These numbers may change as staffing needs change.

## HOW

much does fingerprinting cost?



Cost of background investigations with fingerprinting per employee  
**\$35 to \$50**

Total initial cost for all employees  
**\$24,710 to \$35,300**

Background investigations must be conducted every **10** years for every employee.

## WHAT

if we do nothing?



The IRS audited the Agency of Human Services and Department of Taxes in September 2018. It issued a "significant" finding due to the lack of background investigations on employees.

If we do not remedy the situation, the state may lose access to federal tax information. Losing access would:

- harm the Department of Taxes' mission to collect the proper amount of tax.
- hinder the ability to close the tax gap.
- negatively impact the economic stability of over **16,296** children.
- risk losing significant federal funding for some Vermont agencies.

## WHERE

does the authority lie to comply?



Current Vermont law authorizes fingerprinting on only new employees who have access to federal tax information. To meet IRS requirements, the Vermont Legislature should pass new legislation to authorize fingerprint-supported background investigations every 10 years and include current employees.

Amend 3 V.S.A. § 241(c) to read: (c) The Recipient shall conduct an initial background investigation of any individual, including a current or prospective employee, volunteer, contractor, or subcontractor, to whom the Recipient will permit access to FTI for the purpose of assessing the individual's fitness to be permitted access to FTI. The Recipient shall conduct, every 10 years at a minimum, periodic background investigations of employees or other individuals to whom the Recipient permits access to FTI.