

May 3, 2024

Vermont State House  
109 State Street  
Montpelier, VT 05602

House Committee on Government Operations and Military Affairs

*Via email*

To Members of the House Committee on Government Operations and Military Affairs:

The Administration supports the version of S.96 that passed the Senate and does not support this proposed amendment because of the unknown fiscal and operational impacts. Though the amendment does remove some objectional clauses (inclusion of grants and cost savings to 20%), we remain concerned about the other provisions. This is detailed below.

- Sec. 1
  - We do not support changing the definition of privatization contracts by striking the clause “which results in a RIF at least one permanent, classified employee, or the elimination of a vacant position of an employee covered by a CBA”. It is unclear how many additional contracts would potentially be considered privatization with this update. We are concerned about the ability of the state to fill these critical roles and services such as snow plowing or emergency response in the aftermath of the July flood, given our current workforce challenges.
- Sec. 2
  - We are concerned with the new processes that this amendment establishes and whether there are adequate resources to implement and monitor.
  - We are concerned that the privatization contract data requirements will negatively impact competition and responses to RFPs for state work. Organizations may not want to contract with the State given the level of wages, benefits and other reporting that is required by S.96. This includes providing quarterly payroll reports.
  - Any language that potentially decreases competition and drives up costs is counterintuitive and counterproductive to ensuring appropriate services are provided to Vermonters.
  - Requiring similar wage rates and health, dental and vision insurance that is substantially like State employees may drive up the costs and this fiscal impact is unknown. The JFO [fiscal note](#) associated with these provisions of the Senate Committee on Government Operations bill details some of the challenges. This data is not readily available and would take staff resources to estimate the impact.
  - The Senate-passed approach of the study is reasonable so that we understand and address the fiscal and operational impacts prior to enacting a major policy change.

Sincerely,

Sarah Clark, Deputy Secretary of Administration