



STATE OF VERMONT
GENERAL ASSEMBLY
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Monday, November 14, 2016

Room 10, State House

- 10:00 a.m. A. Convene and approve minutes of September 15, 2016 meeting. **[Approved]**
- 10:05 a.m. B. Administration's Fiscal Updates:
1. Report on FY2017 Budget Adjustment Pressures
2. Report on FY2018 Budget Dev. Process and Projected Revenue and Expenditures
3. FY2017 Personnel, Labor, and Administrative Cost Savings
[Sec. B.1106 of Act 172 of 2016]
Trey Martin, Secretary of Administration, and Andy Pallito, Commissioner,
Department of Finance and Management
- 10:30 a.m. C. Global Commitment Waiver Update [*doc*]
Selina Hickman, Dir. of Health Care Op., Compliance, & Improvement, and
Sarah Clark, Chief Financial Officer, Agency of Human Services
- 11:00 a.m. D. Tax Computer System Modernization Implementation Report [*doc*]
[Sec. 282(e) of Act 65 of 2007 as amended by Sec. C.103 of Act 63 of 2011 and further
amended by Sec. 62 of Act 95 of 2014]
Mary Peterson, Commissioner, and
Gregg Mousley, Deputy Commissioner, Department of Taxes
- 11:15 a.m. E. Vermont Veteran's Home Report [Sec. E.342 of Act 172 of 2016] [2 *doc*]
Melissa Jackson, CEO, Vermont Veterans' Home
- 11:30 a.m. F. Human Resources Classification Study - State Employee Position Classification System
Report [Sec. E.108.4 of Act 172 of 2016] [*doc*]
Tom Cheney, Commissioner, Department of Human Resources
- 11:45 a.m. G. Non-Emergency Medical Transportation (NEMT) Contract **[Approved]**
[Act 172, Sec. E.306.15 of 2016] [*doc*]
Aaron French, Deputy Commissioner of Health Services and Managed Care,
Department of Vermont Health Access

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- 11:55 a.m. H. JFO #2857 – \$3,625,000 grant from the U.S. Department of Food and Administration to the Vermont Agriculture of Agriculture, Food & Markets. [*doc*] **[Approved—see minutes for motion]**
Abbey Willard, Food Systems Section Chief, and
Marcey Hodgdon, VAAFM's Financial Director, Agency of Agriculture
- 12:15 p.m. I. Fiscal Office Updates
1. Fiscal Officers' Report – Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office [*doc*]
2. Update on JFC VEGI Request [*doc*]
Stephen Klein, and Sara Teachout, Senior Fiscal Analyst, Joint Fiscal Office
- 12:30 p.m. Adjourn

Reports

- I. Annual Report on FY2016 Pay Act Allocations [3 VSA § 2281(4)] [Administration] [received]
- II. Small Grants Quarterly Report [32 V.S.A. § 5(a)(3)] [Joint Fiscal Office] [received]
- III. Quarterly report on excess receipts [32 V.S.A. § 511] [Administration] [received]
- IV. Primary care reallocation Implementation report [Sec. E.306.13 of Act 172 of 2016] [Agency of Human Services] [received]
- V. Special funds balance and list of funds created. [32 V.S.A. § 588(6)] [Administration] [received]
- VI. Global Commitment Fund Estimated Fiscal Yearend Report of Managed Care Investments. [33 V.S.A. § 1901e(c)] [Agency of Human Services] [received]
- VII. Status of the Child Care Financial Assistance Program (CCFAP) caseload, the caseload projection, and available funding. [Sec. E.318 of Act 172 of 2016] [DCF] [received]
- VIII. Sustainability of tobacco programs and plan to replace loss of strategic contribution funds report. [Sec. E.300.4 of Act 172 of 2016] [Agency of Human Services] [received]
- IX. Quarterly report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20(b)(9)] [Dept. and Board — Public Service] [received]
- X. Community College of Vermont need-based aid for Vermont students report on how funds are to be used for 2016–2017 school year and the plan to continue use of these funds for this purpose in future years. [Sec. E.602.1 of Act 172 of 2016] [VSC Chancellor] [received]
- XI. Position Pilot Program – Departments of Fish and Wildlife, Forests, Parks and Recreation, Children and Families, and a 2nd request from Agency of Natural Resources. [Sec. E.100(d) of Act 179 of 2015 as amended by Sec. 74 of Act 4 and Sec. E.100.2 of Act 172 of 2016] [Human Resources] [received]

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Monday, November 14, 2016

Minutes

Members present: Representatives Ancel, Branagan, Johnson, Lippert, and Sharpe, and Senators Ashe, Ayer, Kitchel, and Sears.

Other Attendees: Administration, Joint Fiscal Office, and Legislative Council staff, and various media, lobbyists, advocacy groups.

The Chair, Senator Kitchel, called the meeting to order at 10:06 a.m.
Representative Branagan moved to approve the September 15, 2016 minutes, and Representative Ancel seconded the motion. The Committee approved the minutes.

A. Administration's Fiscal Updates: 1. Report on FY2017 Budget Adjustment Pressures; and 2. Report on FY2018 Budget Development Process and Projected Revenue and Expenditures

Trey Martin, Secretary, Agency of Administration, reviewed the process for preparing to hand off the budget to Governor-elect Phil Scott's transition team. The approach by the current Administration was of a philosophy of nonpartisanship for the good of the State of Vermont.

The current Administration recently met with the transition team and reviewed its approved office budget of \$65k for FY2017. A small amount of that office budget was used to fit up temporary offices at 144 Main Street for the transition team. A book of key budget components, with potential policy and fiscal issues, was also reviewed with the transition team that included universal prekindergarten, clean water, and a sewer line extension in Bennington. Tom Cheney, the Commissioner of Human Resources, would assist the new Administration with personnel vacancies and cabinet appointments. In addition, other longer term fiscal pressures and policy decisions were included in the budget book handed to the transition team and would be discussed at ongoing meetings between the two administrations.

Andy Pallito, Commissioner, Department of Finance and Management, explained that the Department accelerated the budget process in the early fall and compiled a list of requests from the Agency and departments for the FY2017 Budget Adjustment Act (BAA), the FY2018 State Budget and Capital appropriations. The list of working copies of the budget components was handed to the transition team as a base for developing its budget. Commissioner Pallito announced that the gap in the FY2018 budget would be lower than prior years due in part to the

elimination of one-time appropriations in the base. The gap amount would be dependent on the benchmark for the caseload in the Agency of Human Services (AHS). He referred to the JFO FY2018 projection of \$40 – \$70 million in caseload for AHS. The Department has handed off the proposed FY2017 BAA, FY2018 State Budget, the Capital and Fee Bills to the transition team.

3. FY2017 Personnel, Labor, and Administrative Cost Saving

Commissioner Pallito explained that in Sec. B.1106 of Act 172 of the 2016 session, there was a mandate to find \$550k of General Fund savings through reductions in exempt positions. The Department had identified one-half of the positions needed to meet the target savings, and had delivered the list to the transition team. Trey Martin, Secretary, Agency of Administration, stated that to get to the anticipated \$550k, the transition team had requested to scrap the original list of personnel savings, and instead use its own list to meet the savings target. He added that the budget process had been a collaborative process with the transition team, and the Department would continue to follow that spirit. Senators Ashe and Kitchel agreed it was the best approach.

The Chair explained that the FY2017 budget, Act 172, directed the Administration to identify areas of competing spending pressures, and to estimate the cost of fully funding those areas, such as teachers' retirement, pay act, and child care assistance. She asked the Commissioner if the Administration had a sense of what those spending pressures would look like for the FY2018 budget. Commissioner Pallito responded that the Department had not yet specifically determined those costs since it was early in its discussions with the transition team.

The Chair asked how public hearings for the FY2018 budget proposal would be managed. The Commissioner explained that the previous system, a webinar-based structure, had been used for the last 4 years, but had received several negative comments. The Department was proposing a new system to the transition team to post a presentation on its website of the proposed budget, and a press release would be sent out to ask for public comment through a special e-mail on its website. Public comment would be finished about mid-December.

Representative Lippert inquired who the Department was working with in the transition team. Secretary Martin responded the Chief of the Transition Team, Tim Hayward, and Neil Lunderville, and Jim Reardon were the budget liaisons. Representative Lippert asked if the budget documents delivered to the transition team were public. Secretary Martin explained the documents were under the Executive Privilege statutory clause.

C. Global Commitment Waiver Update

Selina Hickman, Director of Health Care Operations, Compliance and Improvement, and Sarah Clark, Chief Financial Officer, Agency of Human Services, distributed a document to the Committee. Ms. Hickman explained that the Medicaid Global Commitment Waiver began in

2005 and then was consolidated in 2015 with the States Choices for Care Waiver. The new consolidated Waiver included a 5-year extension to December 31, 2021 that allowed the Agency to have more stability in its federal funding. The All-Payer Model ends December 31, 2022. Ms. Hickman explained that the Global Commitment Waiver was important to the All-Payer Model because it aligned Medicaid, a major funding source in Vermont's health care system, as additional capacity for providing federal commitment of matching dollars. Another important component of the Waiver for Vermont was its flexibility of allowing for expenditures that were not normally Medicaid matchable, which totaled \$127 million in the previous fiscal year.

Ms. Hickman reviewed the new Centers for Medicare and Medicaid Services (CMS) Medicaid-managed care rules released in the spring of 2017 that included activities around oversight, compliance, and prior approval. CMS rules were also an attempt to standardize demonstration waivers across all of the states that would create some guardrails around Vermont's Medicaid flexibility under the Waiver.

Ms. Clark explained the short-term financial impacts of the new rules for the Waiver. In FY2017, an additional \$5 million in General Funds would be needed in the BAA. In the FY2018 BAA, an estimated \$6.2 million in General Funds would be needed. Ms. Clark stated that the new CMS rules reduced allowable expenditures of Managed Care Organizations (MCO) investments. The capacity of funds of roughly \$26 million (FY2016) would remain the same but there would be a 5-year phase down of some expenditure covered under the Waiver, such as room and board, and Institutes for Mental Disease (IMD). The fiscal impact to Vermont over the 5-year phase down was an estimated \$64 million or 4% of Vermont's \$1.6 billion Medicaid budget. The bulk of the reduced expenditures occurred in year 3 of the phase down or FY2019 but in FY2018 or year 2, there was a phase down of the Health Information Technology (HIT) MCO investment. Ms. Hickman added that the IMD MCO investment impacted the Vermont Psychiatric Care Hospital (VPCH) and several facilities for residential treatment for substance abuse disorders. The Agency was currently seeking an amendment to the Global Commitment Waiver for authority to pay for those facilities under an alternative federal funding grant of \$10 million.

Senator Sears recalled the intent when building the VPCH was for the facility to be Medicaid eligible. He then asked if that had changed with the new rules. Ms. Hickman responded that VPCH was the only such mental health facility with the flexibility to receive funding as an MCO investment. Senator Sears inquired if the rule changed the dynamic of the eligibility for the 25-bed facility. Ms. Hickman responded that in order for the facility to be Medicaid-match eligible it would need to reduce its beds to 16 or fewer.

Senator Kitchel offered that there was a big ongoing debate on the adequacy of funding for Vermont's current mental health delivery system. She encouraged the new Administration to

do a comprehensive examination of the prior assumptions for adequacy of services made during post Irene and possibly recalibrate how the State delivers mental health services to Vermonters, such as two 16-bed facilities in different parts of the State. Senator Ayer added that there was news of CMS reconsidering its decision on limiting the amount of beds under the Medicaid funding rule, and that Vermont's funding issues were not unique compared to other states. Ms. Hickman agreed that CMS was reconsidering its bed capacity rule. Senator Kitchel stated that the federal government was antiquated in its delineation of how it treated mental health benefits compared to medical benefits when there should be parity between the two. Ms. Hickman explained that CMS had specific language in the Waiver requesting and evaluation by AHS on the effectiveness of services of an IMD, which potentially could impact CMS's decision of bed capacity. She added that Vermont had a 10-year (2026) phase down plan from CMS on IMDs. Representative Ancel asked what the evaluation entailed, and Ms. Hickman stated the framework needed to be submitted by AHS before the spring of 2017 in order for CMS to develop the evaluation. Senator Kitchel suggested the standing committees of jurisdiction assist AHS with the framework. Representative Lippert asked for clarity on whether CMS would provide funding for the evaluation. Ms. Hickman responded that Vermont would fund its own evaluation of its system and provide the results to CMS but the expense of the evaluation would be Medicaid matchable at the administrative rate. Senator Ayer requested the criteria of how AHS would evaluate the effectiveness of its system when available.

Senator Sears commented on the issue of the 15-bed Woodside facility, and concerns on the physical condition and the lack of population, along with its annual \$4 million budget gap. Ms. Clark explained that there were a few options for Woodside that should be evaluated. Ms. Hickman offered that Woodside was not in the IMD category since the facility housed youths. However, CMS created new regulations in 2016 around the definition of an inmate that excluded Woodside from Medicaid match.

Representative Lippert showed concern for further changes to definitions for Medicaid under the new U.S. Administration, and he inquired if AHS had some insight of future negotiations with CMS. Ms. Hickman responded that recent conversations and negotiations with CMS had seemed to interpret a more stringent determination of rules around Medicaid with the new U.S. Administration.

Ms. Clark mentioned that another financial impact to Vermont from the new Waiver was a change in the administrative costs it could claim from 45/55, which was the program rate to the administrative cost of 50/50. However, the State will now also be able to take advantage of additional opportunities for enhanced match for Medicaid Management Information Systems (MMIS), for example. In responding to Representative Sharpe's question, Ms. Clark stated that an early estimate of the fiscal impact for the rate change was \$3.4 million in both FY2017 and FY2018. Representative Ancel asked what parts of the Waiver agreement could be changed

unilaterally and how solid was the agreement between Vermont and CMS. Ms. Hickman explained that all demonstration waivers have standard terms for termination or changes to the agreement, which could be initiated by either the State or CMS. The State has a public engagement process requirement of 120 days for notice for amending the agreement, but CMS was not under any requirement. Ms. Hickman stated that she would review the agreement terms to ensure correct timelines and report back to the Committee.

Due to confusion from the chart on page 4 of the handout, Senator Kitchel asked whether the matching funds from the State were obligated. Ms. Hickman explained the chart was more of a menu that showed what the federal government identified as funds available to the State but it was not obligated to accept and match them.

D. Tax Computer System Modernization Implementation Report

Mary Peterson, Commissioner, and Gregg Mousley, Deputy Commissioner, Department of Taxes, gave an update on the implementation of the Department's tax computer system modernization and distributed a report. As background, Commissioner Peterson explained that the Department keeps a portion of the increased revenue from the modernization project to continue the implementation of an integrated system for all of the State tax functions on one platform. The project was on budget and on time. The contractor, FAST Enterprises, was paid through the demonstration of performance of enhanced revenue from the project.

Commissioner Peterson gave an overview of the tax modernization project implementation, and an update on the budget impacts. The original FAST contract was signed in January 2014 for the company's GenTax product that was utilized in over 20 U.S. states and several other countries. Project testing for new functions was performed during the summer months and then additional testing between the different tax systems was done during the fall. FAST colocated a project team within the Department's Information Technology team's office since the project's inception. In December 2014, phase I of the MY VTAX system was implemented for the conversion of e-filing of corporate and business income tax, and the debut of VTEL, the tax online portal.

In November 2015, the Department released Phase II of the system that included sales & use, meals & rooms, withholding, and most of the insurance taxes. The current Phase III implementation brought the personal income tax into the online system. Since people filing had a tendency to use professional software, this creates some challenges with coordination between the system and software vendors. The personal income tax system also included a microsimulation model, Chainbridge, that allowed for the sharing and querying of aggregate data with the Joint Fiscal Office (JFO) for forecasting. Senator Kitchel stated that the improvements to the Chainbridge model would assist lawmakers to develop good fiscal policies.

Commissioner Peterson announced that the Department would be shutting most of the older systems after December 7, 2016. The only part of the original system still in place would be replaced in the final phase or phase IV system implementation, which included miscellaneous taxes. The Commissioner praised her staff for the amount of work and ability to embrace all the change of the new system. The Department had been concentrating on the audit and collection divisions to standardize operating procedures. Senator Kitchel stated that if there were complaints on the new system from businesses, it would probably be for the length of time and clarity from the audit division on responding to requests. She asked if the Department had reviewed those functions and whether there was a plan to improve those areas. Commissioner Peterson responded that where there was confusion on policies, the Department would work through those and allow taxpayers to comply with rules going forward but would not penalize for past mistakes. Auditors had a maximum limit of four months to review a business. There were tools within the system to allow for outreach for noncompliance and reporting of unclear policies.

Commissioner Peterson explained that the Department of Labor has asked the Department of Taxes to include its Health Care Employer Assessment function into the VTAX system. FAST has agreed it could probably include the function for no addition cost in Phase IV. She added that it seemed a good time to have the discussion on changing the Department of Taxes to the Department of Revenue. There had been discussion on including the Department of Motor Vehicles' registration and driver licensing fees, and possibly other collections such as the provider tax within the Department of Vermont Health Access (DVHA). The Commissioner recommended that it would be the most efficient to add additional functions to the system while FAST was present within the Department and accomplishing the contracts maintenance. In responding to the Chair, the Commissioner stated the Department would include all the information and conversations on the system with the transition team.

The Commissioner reviewed the fiscal information on the funding of the Tax Computer System Modernization Fund that was explained at the back of the report distributed earlier. She recommended to the Committee and to the incoming Administration to fund the highest level of the FAST maintenance agreement when the contract runs out in 2024. The agreement would include the current level of service and an option to host all of the system's functions in the Cloud instead of using servers at the Department of Information and Innovation.

In responding to Representative Lippert, Commissioner Peterson clarified that enhanced revenue was any additional revenue collections above the baseline of what the Department expected, and approved by the Department of Financial Regulation. Areas of enhanced revenue included a faster turn-around time for income tax returns that stopped interest payments for tardiness; the reduction of refund fraud; and better sorting of federal data to determine fraud candidates. Senator Ashe inquired if the Department received a list of people that were due to

pay a penalty from lack of health insurance prescribed by the Affordable Care Act. Commissioner Peterson responded that the Department would review its data to see if it had been received.

E. Vermont Veteran's Home Report

Melissa Jackson, CEO, Vermont Veterans' Home (VVH), distributed a report and presentation. The Chair asked for an update on the fiscal health of VVH and where its key variables were for costs. Ms. Jackson explained that VVH's census has increased to 121 with two additional residents expected. In the past, the VVH had denied 80% of its applicants due to a lack of finances; instead the big reason for denials was mental health issues because of the fiscal impacts for 24-hour staffing when the need arises for certain extreme situations. The VVH recently partnered with the Rutland Chamber of Commerce for marketing with radio and television ads around Rutland and Bennington where the highest concentration of veterans were in Vermont.

Ms. Jackson clarified that call-out rates were when an employee was scheduled to work but calls the employer to say he or she cannot work. The national average of call-out rates for nursing homes was 5.6% and the VVH rate was 8-9½ %. Most of the VVH call-outs were due to a qualifying Family and Medical Leave Act (FMLA) issue. Additional staff issues were due to workers' compensation absences. The national average for loss claims in nursing homes was 4.9% and the VVH rate was only 4.25%, but some staff had been out for as much as 18 months. The VVH received a response through an RFP and hired the HMR Veterans' Services to assist with the issue. Currently the VVH has gone 90 days without a work-related injury, and managing injuries in-house with a local provider that assigns injured staff to light duty work until recovered.

Senator Kitchel asked that with the higher than normal call-out rates for VVH, was there a factor/s as to why the rates were so high, and how was the facility translating the report data into an action plan to address the issue. Ms. Jackson responded that the home was allowing the staff to do their own scheduling with the expectation that there would be a reduction in the call-out rate. Senator Kitchel asked if Ms. Jackson's suggestion in testimony, during the session, for the VVH to hire additional part-time staff for more flexibility had been acted upon. Ms. Jackson responded that the facility did have two part-time nurses but was searching for more part-time staff. She cautioned that the facility had to be careful on how many hours it gave to part-time staff because more than a certain level would mean that it was mandated to provide full benefits to those employees.

Ms. Jackson clarified that block FMLA was a known amount of time that a staff would be taking leave, and intermittent FMLA was when someone call out unexpectedly for illnesses such as anxiety, migraine headaches, or asthma, of which the latter had been increasing overtime.

In responding to Senator Ayer, Ms. Jackson explained that the high call-out rate had been present for a while. The VVH attempted disciplinary action for those staff frequently calling out but the rate remained high. Senator Ayer asked if the VVH had higher than average acuity patients than the State. Ms. Jackson responded she would need to check the State's average. Senator Sears commented that when focusing on the results of programs, the VVH had exemplary Veteran care and he encouraged more Vermont Veterans to use the facility.

F. Human Resources Classification Study - State Employee Position Classification System Report

Tom Cheney, Commissioner, Department of Human Resources, gave the highlights of the State Employee Position Classification System Report. The report was an interim report with the full report due January 15, 2017. It was an evaluation of the State's reclassification system for State employees, created in 1986 and recalibrated in 1993/1994. In responding to Representative Johnson, Commissioner Cheney stated there were just over 8,000 State classified employees and 1,800 job classifications with a 4:1 ratio or four employees for every one job class. Senator Kitchel pointed out there were some large fiscal implications because of the antiquated classification system. Commissioner Cheney explained that the current system, the Point Factor Evaluation System, was very rigid. A broader system with few classifications would be more modern and with more flexibility for employees and the State.

Commissioner Cheney explained that the Department hired a contractor to study the State's classification system that confirmed the system was outdated and should be moved to a more modern system. Representative Ancel asked if the report would identify if the State should purchase a system to replace the old one, and if so, was there an off-the-shelf system available to purchase. The Commissioner responded that the report recommended a new system but there should be a process for reviewing the different types available through a Request for Information (RFI) process. The report suggested small statutory changes and the creation of a classification and compensation steering committee that included the Vermont State Employees' Association (VSEA). He confirmed that the report's recommendations were on the larger report to the new Administration's transition team. In responding to Representative Lippert, the timeline for implementation of a new methodology system could be a couple of years, due to the large amount of work involved in adapting it to the State's own collective bargaining units and contracts.

G. Non-Emergency Medical Transportation (NEMT) Contract

Aaron French, Deputy Commissioner for Health Services and Managed Care, Department of Vermont Health Access (DVHA), distributed a memorandum to the Committee and explained that the Legislature had requested DVHA provide information to JFC for review and approval of any proposed contracts and their impacts on the Non-Emergency Medical Transportation (NEMT) System. DVHA received three bids from its Request for Proposal (RFP).

One of which was from the current NEMT vendor, Vermont Public Transportation Association (VPTA) and the other two were from out-of-state businesses. DVHA planned to award VPTA the contract because VPTA was already familiar with the NEMT system and had infrastructure in place. The current contract, with VPTA, would expire at the end of 2016 but VPTA informed DVHA it would need additional time [March or April] to get all the elements up and running that were written in the new contract. DVHA decided to extend the contract until the spring when it would negotiate its payment methodology in the new contract with VPTA.

Senator Kitchel added that the Medicaid portion of the NEMT contract for the blind, disabled, and elderly was about \$13 million. Senator Ayer asked if the VPTA's request for an extension to negotiate a contract was due to its inability to meet the criteria for information technology. She also inquired if DVHA was evaluating VPTA's current policy of packaging riders, which greatly increased the time on the bus as many riders are delivered to different appointments and sites. Senator Kitchel explained that the issue was something the State was struggling with to allow for better service and accountability, but meetings were ongoing with the Agency of Transportation (AOT). She added that AOT was responsible for the RFP and the contract negotiations but DVHA's focus was on whether the quality of standards was met. Mr. French stated that DVHA and AOT had built quality metrics around the new contract that would be reviewed monthly. VPTA had purchased a new computer platform but not all the vehicles had the software installed that would allow for the review of quality by DVHA.

Senator Ayer moved to approve DVHA's recommendation of granting VPTA the contract for NEMT, and Representative Ancel seconded the motion. The Committee approved the motion.

H. JFO #2857 – \$3,625,000 grant from the U.S. Department of Food and Administration to the Vermont Agency of Agriculture, Food & Markets.

Abbey Willard, Food Systems Section Chief, and Marcey Hodgdon, VAAFM's Financial Director, Agency of Agriculture, Food and Markets, gave an overview of the grant. Ms. Willard explained that Vermont was one of 42 states to receive the grant that includes eight positions and \$3.625 million over the next five years. The grant would allow the Agency to prepare for the implementation of the new Federal Drug Administration's (FDA) rule for produce safety.

In response to Senator Kitchel's question, Ms. Willard clarified that each State was supposed to develop its own framework for compliance under the new federal produce safety rule that would enable their inspectors to perform technical and educational outreach along with enforcement of federal rules. Representative Ancel inquired what would happen if the federal government ended the funding or program to states. Ms. Willard responded that it was not unusual for states to have cooperative agreements for more than a year with the federal government on funding programs, but the Agency was exploring options during its first year as a

possible fee-for-service program in the future. The Chair asked for clarity on the funding for the positions in the future. Ms. Willard explained that the federal government would fully fund the implementation and functions of the program for the next five years. In response to Representative Ancel's question, Ms. Willard explained that funding was dependent on Congress's passing an annual budget. Representative Johnson asked that since the limited service positions were reimbursed under the grant, was there an opt-out clause for the requirements of the grant if Congress were not to pass a budget. Ms. Willard agreed with Representative Ancel that the federal government had committed to funding the program for five years but Congress would still need to pass a budget each year to make the funding available. Senator Kitchel inquired if funding were not available to the program, could the State then use its Reduction in Force (RIF) ability for the positions since they are limited service. Ms. Willard agreed the positions would be subject to the State's RIF authority.

Representative Lippert added that there were 42 other states following the same model and probably had the same concerns and budget questions. He asked if the Committee could document its intent to not backfill funding of the program or positions if Congress did not pass a budget. The Chair stated the motion should reflect that the Committee's concern of future funding issues include that "the acceptance of grant does not constitute a commitment on behalf of the State of Vermont to replace funding if there were a failure by the federal government to fund the grant."

In response to Representative Branagan's comments on issues with fees within the agricultural industry, Ms. Willard stated that there was a conversation of whether the food industry should be responsible for a portion of its inspection costs in the future as a fee-for-service system, if they exceed federal funding. The Agency planned to create a voluntary registry of the industry within Vermont. There were also some farms that did not fall under the FDA rule, and their inspections were not funded by federal funds, but they preferred to be certified by the State program to gain marketing access. It is possible an Agency plan could include charging those types of businesses a fee in order for them to receive a certificate of standard.

Senator Sears moved to accept the grant, but recognizing the concern of the Committee that acceptance of the grant in no way constituted an obligation of the State for future funding of the program or for the request to collect fees, and Representative Lippert seconded it. The Committee approved the motion.

I. Fiscal Office Updates - 1. Fiscal Officers' Report

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, gave the highlights of his report to the Committee. He explained that the Picus report submitted last fall did not include one component, which was a spreadsheet to compare town mergers and other data. Picus had been creating the data sheet but it had not produced the results anticipated. Due to this one deliverable

of the seven in the contract not being met, Picus agreed to forgo \$48k of the contracted payment amount. In response to Senator Ayer's question, Mr. Klein explained that when Picus bid on the contract, the component was very attractive because it would have given some guidance to policymakers. Picus was the only bidder to include the component due to the complexity involved in evaluating Vermont's data. Representative Ancel requested JFO to start evaluating the risks of possible federal funding reductions, and to start identifying categories that could be in jeopardy. Mr. Klein agreed the Office would begin evaluating the risks and creating categories of areas of possible impacts from federal funding cuts.

2. Update on JFC VEGI Request

Sara Teachout, Senior Fiscal Analyst, Joint Fiscal Office, and Mr. Klein referred to a memorandum from JFO to the Committee, dated October 28, 2016 on the review of an awarded Vermont Economic Growth Incentive (VEGI) to Mylan Technologies, and information of the company's intention to reduce staffing in 2016. Mr. Klein explained that the memo explained all the public information available but if the Committee were to request more in-depth information, it could make a motion to continue meeting in Executive Session. He suggested that the standing committees of jurisdiction gather additional testimony during the legislative session on the level of the confidentiality for businesses under the VEGI statute.

Senator Kitchel commented that the issue raised concern on the protection in the statute to businesses, and in this circumstance a major corporation, that was receiving public funding. Policymakers have the obligation to ensure it had the mechanisms to fulfill its duty to constituents. The Committee had a discussion of whether it should convene an Executive Session to hear more information on the confidentiality provisions. The Chair commented that due to the severity of the issue, it seemed important for the Committee to convene an Executive Session.

Senator Ayer moved to declare an Executive Session for the purpose of discussing confidential financial and personal information. The Committee approved the motion and convened an Executive Session at 12:38 p.m.

The Committee adjourned Executive Session with no action needed to be taken. Representative Sharpe moved to adjourn the Joint Fiscal Committee meeting, and the Committee adjourned at 12:46 p.m.

Respectfully Submitted,



Theresa Utton-Jerman
Legislative Joint Fiscal Office



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee members
From: Daniel Dickerson, Fiscal Analyst
Date: November 7, 2016
Subject: Grant Request #2857

The Joint Fiscal Office has received a request from the Administration for expedited review of a grant from the U.S. Food and Drug Administration in the amount of \$3,625,000 to support the design, development and implementation of a Produce Safety Program in Vermont. The recipient of the grant would be the Agency of Agriculture, Food and Markets, which has also requested approval to establish five (5) new limited service positions for program implementation. This new program would be created to comply with the FDA's rule, *Standards for Growing, Harvesting, Packing and Holding of Produce for Human Consumption*. The Agency would utilize \$500,000 of the grant funding in FY17.

Senator Kitchel has asked for the item to be held for review at the Joint Fiscal Committee meeting scheduled for November 14, 2016. This grant packet is being sent for informational purposes only as you will be asked to formally approve/deny the request at the meeting.

Please review the enclosed materials and notify the Joint Fiscal Office (Daniel Dickerson at (802) 828-2472; ddickerson@leg.state.vt.us) if you have questions.



VERMONT

JFO 2857

State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401

[phone] 802-828-2376
[fax] 802-828-2428

RECEIVED

OCT 31 2016
Agency of Administration

JOINT FISCAL OFFICE

STATE OF VERMONT
FINANCE & MANAGEMENT GRANT REVIEW FORM

Grant Summary:		Federal grant for VT Agency of Agriculture so that the Agency can develop a statewide produce safety program that will enable Vermont producers to comply with new FDA regulations.			
Date:		10/5/2016			
Department:		Agency of Agriculture			
Legal Title of Grant:		Support for the design, development, and implementation of Vermont's Produce Safety Program			
Federal Catalog #:		93.103			
Grant/Donor Name and Address:		Department of Health and Human Services Food and Drug Administration Office of Partnerships Office of Regulatory Affairs Denise Beuttenmuller, Project Officer P.O. Box 6021 Rockville, MD 20852			
Grant Period:		From: 9/5/2016		To: 6/30/2021	
Grant/Donation		\$3,625,000			
	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$500,000	\$725,000	\$725,000	\$3,625,000	Funding extends for five years.
Position Information:		# Positions	Explanation/Comments		
		5	Positions include: Agriculture Development Coordinator, Senior Agriculture Development Coordinator, Program Technician II, IT Systems Developer, General Counsel. In future years Agriculture expects to request three more positions for a total of eight.		
Additional Comments: Grant provides federal funding to implement statewide produce food safety program that will comply with federal regulations. This funding will be expended over a five year period and will					

**STATE OF VERMONT
FINANCE & MANAGEMENT GRANT REVIEW FORM**

allow the state the fleximblty to implement its own program instead of relying on federal officials and FDA regulation. After the initial year all funds will be budgeted through the regular appropriations process. Required paperwork is present and the department has requested an expidited review.

Has Vantage budget detail been reviewed and reconciled? ☐ Yes ☒ No *STA* 10/12/16 (Analyst Initial)

Department of Finance & Management	<i>BJK</i>	(Initial)
Secretary of Administration	<i>ME</i>	(Initial)
Sent To Joint Fiscal Office		Date 10/27/16





Agency of Agriculture Food & Markets

116 State Street

Montpelier, VT 05620

www.VermontAgriculture.com

Memorandum

TO: Joint Fiscal Office and Finance & Management

FROM: Jolinda LaClair, Deputy Secretary

Agency of Agriculture, Food & Markets

DATE: September 29, 2016

SUBJECT: REQUEST EXPEDITED REVIEW OF RECEIPT OF FDA FUNDING FOR THE CREATION OF VERMONT'S STATE PRODUCE SAFETY PROGRAM

This memo is to request an expedited review of our receipt of FDA funding to create a VT state produce safety program. The first year of the cooperative agreement funding from FDA is only 10 months, beginning on 9/5/16 through 6/30/17. To take full advantage of these federal resources to design, develop and implement our VT Produce Safety Program, we will need to create additional staff capacity within the Vermont Agency of Agriculture, Food, and Markets (VAAFAM) and hope to initiate this hiring process as soon as possible. Consequently, an expedited review of the receipt of this federal funding and request for additional Limited Service Positions would be most appreciated.

Thank you for your consideration in an expedited review of this request.

Position Forms to HR 10/4/16

The State of Vermont is an Equal Opportunity / Affirmative Action Employer and Provider

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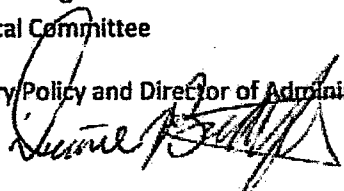




Agency of Agriculture Food & Markets
116 State Street
Montpelier, VT 05620
www.VermontAgriculture.com

Memorandum

TO: Sam Winship, Budget Analyst, Finance & Management
Daniel Dickerson, Fiscal Analyst, Joint Fiscal Committee

FROM: Diane Bothfeld, Deputy Secretary for Dairy Policy and Director of Administrative Services
Agency of Agriculture, Food & Markets 

DATE: September 29, 2016

SUBJECT: RECEIPT OF FDA FUNDING FOR THE CREATION OF VERMONT'S STATE PRODUCE SAFETY PROGRAM

This memo is to inform the Agency of Administration that the Vermont Agency of Agriculture, Food, and Markets (VAAFM) has been guaranteed \$500,000 for year 1 and a total commitment of \$3,625,000 over 5-years (pending congressional allocation for years 2-5) from Food and Drug Administration (FDA) for the design, development, and implementation of Vermont's state Produce Safety Program. Enclosed is FDA's Notice of Grant Award outlining the funding and cooperative agreement terms and conditions, over the year 1 budget period of 9/5/16-6/30/17 and five-year committed project period through 6/30/21.

The year 1 committed funding of \$500,000 initiates the creation and implementation of this state produce safety program. FDA's Notice of Award contains budget summaries for all five years, totaling \$3,625,000 through 6/30/2021.

This federal funding from FDA will allow VAAFM to design, develop, and implement a Vermont State Produce Safety Program that advances efforts for a nationally integrated food safety system by encouraging the safe production of fresh fruits and vegetables and promoting understanding and compliance with the requirements of FDA's Rule, *Standards for the Growing, Harvesting, Packing, and Holding of Produce for Human Consumption* ("Produce Safety Rule").

To establish the Vermont Produce Safety Program over the next five years, VAAFM will:

- Create and utilize a multi-year strategic plan that identifies resources needed to implement a produce safety program, that aligns with FDA's Produce Safety Rule, and that contains metrics and outcomes to evaluate its effectiveness.
- Develop a state-level produce safety inspectional program that meets FDA requirements and supports public health. VAAFM will undergo a comprehensive self-assessment to determine the components needed to create a regulatory and enforcement program, which includes conducting legislative research and infrastructure development along with determining organizational structure and human resources needed.





Agency of Agriculture Food & Markets

116 State Street

Montpelier, VT 05620

www.VermontAgriculture.com

- Establish a strong education and technical assistance component to the regulatory program that ensures producers feel educated and supported with tools to achieve compliance with the Produce Safety Rule.
- Implement a program that includes Produce Safety Rule education and training for produce farmers covered under the rule as well as robust regulator training for our VAAFM staff.

To execute this scope of work, VAAFM will need to increase staff capacity. Creation of positions are outlined throughout the five years. Beginning in year one, five (5) Limited Service Positions will be created to address outreach and education, produce farm inventory creation, industry and stakeholder communication, and legislative priorities.

Limited Service Position requests:

- Ag Development Coordinator
- Senior Ag Development Coordinator
- IT Systems Developer
- Program Technician II
- General Counsel

Over the entire five-year period, as the program is developed and roles expand to include compliance and enforcement in addition to education and technical assistance, we will create a total of eight (8) positions.

This memo is accompanied by our Agency's five (5) Limited Service Position (LSP) Request Forms and position justifications. The LSPs are also outlined in the AA-1 form.

Thank you for your consideration in reviewing this request.



STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION			
1. Agency:	Agency of Agriculture, Food & Markets		
2. Department:			
3. Program:	Vermont State Produce Safety Program		
4. Legal Title of Grant:	Support for the design, development, and implementation of Vermont's Produce Safety Program		
5. Federal Catalog #:	93.103		
6. Grant/Donor Name and Address:	Department of Health and Human Services Food and Drug Administration Office of Partnerships Office of Regulatory Affairs Denise Beuttenmuller, Project Officer P.O. Box 6021 Rockville, MD 20852		
7. Grant Period:	From:	9/5/2016	To: 6/30/2017 21.8TW
8. Purpose of Grant:	<p>The purpose of this funding is to design, develop, and implement a Vermont State Produce Safety Program that advances efforts for a nationally integrated food safety system by encouraging the safe production of fresh fruits and vegetables, ensuring competitiveness in the marketplace for Vermont producers, and promoting understanding and compliance with the requirements of FDA's Rule, Standards for the Growing, Harvesting, Packing, and Holding of Produce for Human Consumption ("Produce Safety Rule").</p> <p>Funds will be allocated to create and implement a multi-year strategic plan for development of a state-level Produce Safety Program. New program development efforts will establish the following components of the Vermont Agency of Agriculture, Food, and Market's outreach, education, technical assistance, regulatory and enforcement program:</p> <ul style="list-style-type: none"> - Establish a Vermont produce farm inventory of covered farms under FDA's Produce Safety Rule - Ensure state legal authority to remain aligned with FDA's Produce Safety Rule (PSR) - Invest in Vermont Produce Safety Program development infrastructure and staffing - Provide education, outreach and technical assistance to the produce industry to achieve compliance with PSR - Develop an outreach and communication plan to reach produce industry and stakeholders - Research, design, and implement an inspectional program for Vermont farms covered under the Produce Safety Rule. - Creation of an inspectional program which will incorporate both education and technical assistance to facilitate compliance as well as standardized, routine inspections. 		
9. Impact on existing program if grant is not Accepted:	<p>This funding will allow for Vermont's Agency of Agriculture, Food and Markets to create a statewide Produce Safety Program that aligns with FDA's Produce Safety Rule and properly prepares our state's produce industry to be in compliance with the new rule requirements. This federal funding, secured for Year 1, and committed by FDA pending congressional allocation for Years 2-5, is necessary to safeguard Vermont produce industry's competitiveness in the marketplace and viability as food businesses, our ability to support public health and access to safe produce by all consumers, and ensure a vibrant and sustainable agricultural economy within Vermont's diversified fruit, vegetable, and berry operations.</p>		

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STATE OF VERMONT REQUEST FOR GRANT ^(*) ACCEPTANCE (Form AA-1)

Without this FDA funding to support the development and implementation of Vermont's Produce Safety Program, we will be unable to create a state-level program or hire necessary education and regulatory staff, will subject our industry to regulatory compliance by FDA officials (rather than state staff), and will likely experience competitive disadvantage for our produce growers in local and regional marketplace. Creation of a state produce safety program is a monumental task and completely reliant on FDA funding and support.

10. BUDGET INFORMATION

	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 17	FY	FY	
Personal Services	\$378,346	\$	\$	Future years will be budgeted through the appropriation process
Operating Expenses	\$121,654	\$	\$	
Grants	\$	\$	\$	
Total	\$500,000	\$	\$	
Revenues:				
State Funds:	\$	\$	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$	\$	\$	
(Direct Costs)	\$398,425	\$	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$101,575	\$	\$	
Other Funds:	\$	\$	\$	
Grant (source)	\$	\$	\$	
Total	\$500,000	\$	\$	

Appropriation No:	2200030000	Amount:	\$500,000
			\$
			\$
			\$
			\$
			\$
			\$
		Total	\$500,000

PERSONAL SERVICE INFORMATION

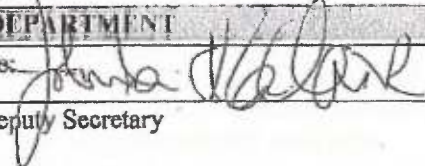
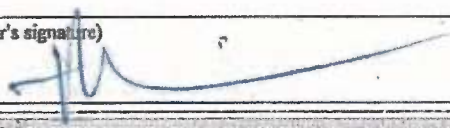
11. Will monies from this grant be used to fund one or more Personal Service Contracts? ☒ Yes ☐ No
If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Jolinda LaClair Agreed by: JHL (initial)

12. Limited Service Position Information:	# Positions	Title
	2	Ag Development Coordinator & Senior Ag Development Coordinator
	1	Program Technician II
	1	IT Systems Developer
	1	General Counsel
Total Positions	5	

12a. Equipment and space for these positions: ☐ Is presently available. ☒ Can be obtained with available funds.

STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

13. AUTHORIZATION AGENCY/DEPARTMENT		
I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature: 	Date: 10/3/16
	Title: Deputy Secretary	
	Signature:	Date:
	Title:	
14. SECRETARY OF ADMINISTRATION		
<input checked="" type="checkbox"/> Approved:	(Secretary or designee signature) 	Date: 10/24/16
15. ACTION BY GOVERNOR		
<input checked="" type="checkbox"/> Check One Box: Accepted	(Governor's signature) 	Date: 10/27/16
<input type="checkbox"/> Rejected		
16. DOCUMENTATION REQUIRED		
Required GRANT Documentation		
<input checked="" type="checkbox"/> Request Memo	<input type="checkbox"/> Notice of Donation (if any)	
<input type="checkbox"/> Dept. project approval (if applicable)	<input type="checkbox"/> Grant (Project) Timeline (if applicable)	
<input type="checkbox"/> Notice of Award	<input type="checkbox"/> Request for Extension (if applicable)	
<input checked="" type="checkbox"/> Grant Agreement	<input type="checkbox"/> Form AA-1PN attached (if applicable)	
<input type="checkbox"/> Grant Budget		
End Form AA-1		
(*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).		

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Agency of Agriculture, Food & Markets Date: September 22, 2016

Name and Phone (of the person completing this request): Abbey Willard, (802) 272-2885

Request is for:

- ☒ Positions funded and attached to a new grant.
☐ Positions funded and attached to an existing grant approved by JFO # _____

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Department of Health and Human Services - Food and Drug Administration - Office of Partnership and Office of Regulatory Affairs

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

<u>Title* of Position(s) Requested</u>	<u># of Positions</u>	<u>Division/Program</u>	<u>Grant Funding Period/Anticipated End Date</u>
<u>Agriculture Development Coordinator</u>	<u>1</u>	<u>Ag Development- Food Systems Section</u>	<u>9/5/16-9/30/17</u>

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

As VAAFM designs, develops, and implements its Vermont State Produce Safety Program, this position's responsibility to industry and stakeholder outreach, programmatic tracking and reporting, on-farm education around the Produce Safety Rule through conducting On-Farm Readiness Reviews, and supporting both communication and farm inventory tasks will be critical to the launch and long-term success of the program.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

Signature of Agency or Department Head

Date

Approved/Denied by Department of Human Resources

Date

Approved/Denied by Finance and Management

Date

Approved/Denied by Secretary of Administration

Date

Comments:

DHR - 11/7/05

UCI 4 - 2016

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form

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Agency/Department: Agency of Agriculture, Food & Markets Date: September 22, 2016

Name and Phone (of the person completing this request): Chelsea Lewis, 802-522-5573

Request is for:

- ☒ Positions funded and attached to a new grant.
☐ Positions funded and attached to an existing grant approved by JFO # _____

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Department of Health and Human Services - Food and Drug Administration - Office of Partnership and Office of Regulatory Affairs

2. List below titles, number of positions in each title, program area, and limited service end date (Information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

Title* of Position(s) Requested	# of Positions	Division/Program	Grant Funding Period/Anticipated End Date
Program Technician II	1	Development Division	9/5/16-9/30/17

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

This new limited service position will add the necessary administrative capacity to carry out Development Division functions in accordance with State of Vermont policies and guidelines. Working with the Grants and Contracts Specialist, and under the supervision of the Business Development Section Chief, the Program Technician II will perform administrative duties related to grant and contract development, execution and tracking.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec 5(b)).

Chelsea Lewis
Signature of Agency or Department Head

9/26/16
Date

Molly Pearl
Approved/Denied by Department of Human Resources

10/10/16
Date

[Signature]
Approved/Denied by Finance and Management

10/24/16
Date

[Signature]
Approved/Denied by Secretary of Administration

11/22/16
Date

Comments:

DHR - 11/7/05

OCT 4 - 2016

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Agency of Agriculture, Food & Markets Date: September 20, 2016

Name and Phone (of the person completing this request): Abbey Willard, (802) 272-2885

Request is for:

- ☒ Positions funded and attached to a new grant.
☐ Positions funded and attached to an existing grant approved by JFO # _____

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Department of Health and Human Services - Food and Drug Administration - Office of Partnership and Office of Regulatory Affairs

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

<u>Title* of Position(s) Requested</u>	<u># of Positions</u>	<u>Division/Program</u>	<u>Grant Funding Period/Anticipated End Date</u>
General Counsel	1	Administration	9/5/16-9/30/17

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

As VAAFM designs, develops, and implements its Vermont State Produce Safety Program, this position's responsibility will be to draft rules for implementation, develop the regulatory framework for farms and determine the regulatory interaction between the state and federal jurisdiction for the Food Safety Modernization Act.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 50b).

Signature of Agency or Department Head [Signature] Date 9/26/16

Approved/Denied by Department of Human Resources [Signature] Date 10/10/16

Approved/Denied by Finance and Management [Signature] Date 10/29/16

Approved/Denied by Secretary of Administration [Signature] Date 10/29/16

Comments:

DHR - 11/7/05

OCT 4 - 2016

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Agency of Agriculture, Food & Markets Date: September 26, 2016

Name and Phone (of the person completing this request): Alison Kosakowski (802) 272-4547

Request is for:

- ☒ Positions funded and attached to a new grant.
☐ Positions funded and attached to an existing grant approved by JFO # _____

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Department of Health and Human Services - Food and Drug Administration - Office of Partnership and Office of Regulatory Affairs

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

Title* of Position(s) Requested	# of Positions	Division/Program	Grant Funding Period/Anticipated End Date
Senior Ag Development Coordinator	1	Ag Dev	9/5/16-9/30/17

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

As VAAFM designs, develops, and implements its Vermont State Produce Safety Program, this position's responsibility will be to design and execute a comprehensive outreach and education strategy to ready Vermont's fruit and vegetable farmers in preparation for FSMA compliance.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

Signature of Agency or Department Head

Date

Approved/Denied by Department of Human Resources

Date

Approved/Denied by Finance and Management

Date

Approved/Denied by Secretary of Administration

Date

Comments:

DHR - 11/7/05

OCT 4 - 2016

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Agency of Agriculture, Food & Markets Date: September 22, 2016

Name and Phone (of the person completing this request): Hunter Thompson, (802) 828-5002

Request is for:

- ☒ Positions funded and attached to a new grant.
☐ Positions funded and attached to an existing grant approved by JFO # _____

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Department of Health and Human Services - Food and Drug Administration - Office of Partnership and Office of Regulatory Affairs

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

<u>Title* of Position(s) Requested</u>	<u># of Positions</u>	<u>Division/Program</u>	<u>Grant Funding Period/Anticipated End Date</u>
System Developer I	1	Administration	9/5/2016 - 9/30/2017

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

The FSMA program is scheduled to be implemented in VT by 9/5/2016. As there is currently no COTS FSMA application, Vermont has decided to create the needed functionality internally. In order to accomplish this, a System Developer I will work with the IT manager to create a web enabled application for the FSMA inspectors to use to conduct their inspections.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

Signature of Agency or Department Head

Date

Approved/Denied by Department of Human Resources

Date

Approved/Denied by Finance and Management

Date

Approved/Denied by Secretary of Administration

Date

Comments:

DHR - 11/7/05

OCT 4 - 2016

Vermont Produce Safety Program Development: Position Justifications

The Vermont Agency of Agriculture, Food and Markets (VAAFM) will establish the following Limited Service Positions:

Ag Development Coordinator

Under the supervision of the Food Systems Section Chief, this new Limited Service Position will be responsible for coordinating outreach and education to the produce industry around FDA's Food Safety Modernization Act (FSMA) Produce Safety Rule requirements and the execution of the Vermont Produce Safety Program.

This program coordinator will support VAAFM's team and additional partners' in offering the produce industry and stakeholders in understanding the implications of this new federal rule. Their scope of work will likely include:

- Assisting with industry outreach and to establish a statewide produce farm inventory;
- Conduct On Farm Readiness Reviews to assess producers' compliance with the Produce Safe Rule requirements;
- Support stakeholder cooperation and engagement in the produce safety program;
- Lead grant management, tracking and reporting, and program logistics;
- Research mechanisms to develop, review, verify, and update farm inventory information

This program coordinator position is new to VAAFM's Ag Development Division and will be fully funded with FSMA cooperative agreement funding.

Senior Ag Development Coordinator

Under the advisement of the Director of Communications, this Limited Service Position will develop and execute a communications strategy to educate and prepare Vermont farming community for the new educational and regulatory framework set in place by the Produce Safety Rule. This new federal rule represents a significant cultural shift in the relationship between technical assistance providers and regulators with Vermont fruit and vegetable producers. Many produce will now be required to comply with significant regulatory requirements and likely make operational and infrastructural changes to their operation. The industry will need significant outreach and education plus access to resources in order to ensure they are prepared for this unprecedented shift in attention to produce safety.

This communication position will work closely with a to-be-assembled VAAFM team to outreach to the produce community to understand their needs and develop and implement an outreach strategy, which will likely include:

- Development of educational materials- fact sheets, advertisements, website, in-person training tools;
- Facilitation of public meetings and other public outreach efforts;
- Assistance in developing produce contact list;
- Support to constituent and stakeholder communications; and
- Key message delivery around the Vermont Produce Safety Program.

VAAFM currently has a 0.6 FTE temporary position dedicated to Dairy Promotion, supported by Vermont Dairy Promotion funds. The Agency seeks to utilize FSMA cooperative agreement funding to create a full-time Limited Services Produce Safety Communication position.

IT Systems Developer

The Vermont Agency of Agriculture, Foods and Markets (VAAFM) will develop a web application to track the information required to adequately track the FSMA program. This work will be done by a System Developer I under the direction of the agency IT Manager.

System Developer I duties will include:

Database implementation: This position will create, and maintain the relational database which will store the FSMA data.

- Create database tables to store FMSA information.
- Define relationships within the database to ensure data integrity
- Implement maintenance plans on the database server to ensure data security

Database Reporting: The System Developer I will create reports based on user needs.

- This position will work with users to develop custom reports to support FSMA requirements.
- This position will work with users to develop custom reports to support agency requested data analytics.
- This position will work with users to develop reports which will be given to the public to support FSMA findings as they relate to specific program areas.

Application and framework development: This position will implement the FSMA application as a web application.

- This position will program the web application under the direction of the IT manager.

Application and framework maintenance. This position will maintain and modify the FSMA application to meet the needs of the business unit.

- Following deployment this position will make bug fixes and enhancements to the FSMA web application as per user request.

Documentation

- This position will document all code in a predefined standard to ensure developer continuity.

Source Control

- This position is expected to keep all their code and revision in a centralized source control repository accessible by appropriate parties.

VAAFM currently has a temporary position dedicated to IT system development and support. The Agency seeks to utilize FSMA cooperative agreement funding to create a full-time Limited Services System Developer I position.

Legal – General Counsel

Under the supervision of the Director of Administrative Services IV, this new limited service position would evaluate the existing statutory language and the regulatory authority for produce safety and determine if changes are necessary to establish, operate and maintain a Produce Safety Program aligned with the requirements of FDA's Produce Safety Rule. This position would then determine a defensible administrative program for compliance and determine the interface between the FDA and State regulatory authorities. The scope of work would likely include:

Jurisdictional Self-Assessment and Planning

- Producing written evaluation of jurisdiction's existing produce regulatory resources to identify the components that shall be included as part of the new or enhanced Produce Safety Program
- Review of and discussion with program team about statutes and regulations
- Consulting with staff if they need assistance in determining infrastructure needs, organizational structure and human resources needed, and staffing and operational financial resources needed
- Researching, drafting and implementing memorandums of understanding between/among relevant organizations

Legislative Research

- Evaluation of existing statutory and/or regulatory authority related to produce safety, research changes needs, and determine whether to adopt rule in its entirety or through FDA's authority regarding inspections

Education and Outreach and Technical Assistance

- Assist in training of personnel
- Assist in developing a continuing education program
- Establish ties with FDA's Produce Safety and Technical Assistance Networks

Inspectional Program Development

- Assist in research, design and implementation of compliance program
- Engagement in compliance actions, as needed
- Review of existing statute and collaboration with legislative counsel to determine authority

This is a new position that will utilize FSMA cooperative agreement funding as well as indirect earnings attributable to the newly awarded FSMA cooperative agreement and cost will be offset by Section 248 work.

Program Technician II

This new limited service position will add the necessary administrative capacity to carry out Development Division functions in accordance with State of Vermont policies and guidelines. Working with the Grants and Contracts Specialist, and under the supervision of the Business Development Section Chief, the Program Technician II will perform administrative duties such as: Support with all aspects of grants and contracts management, including:

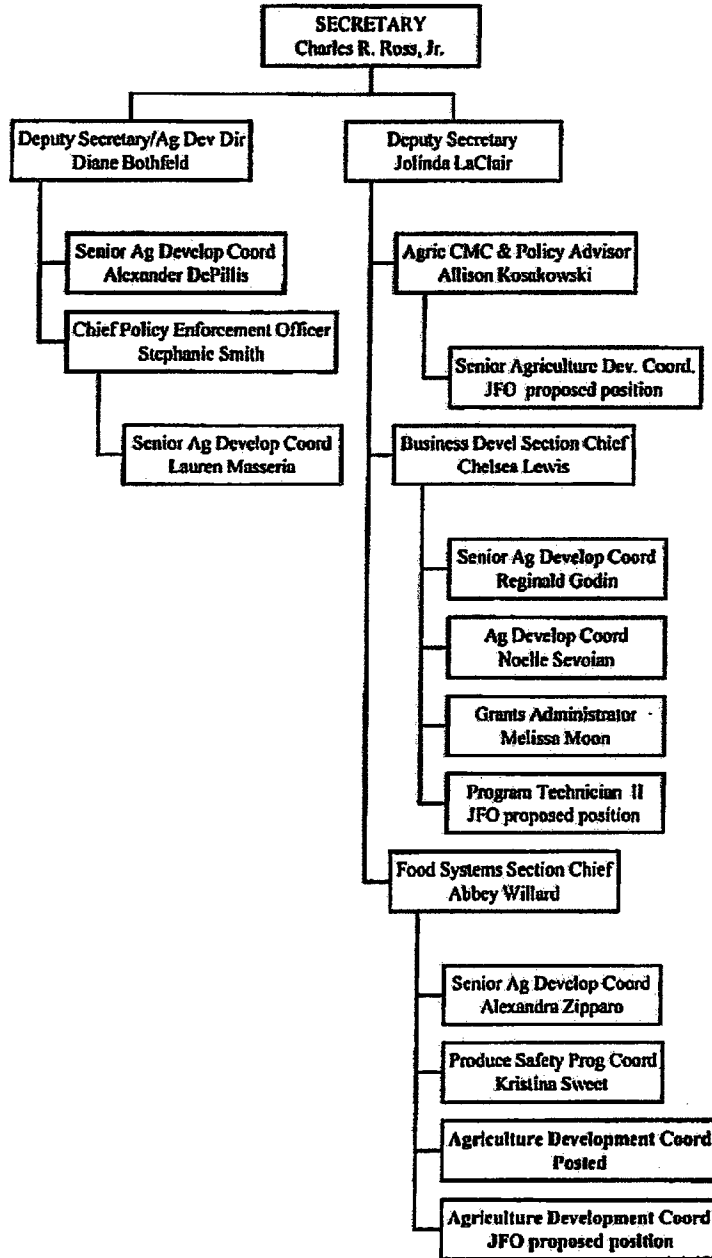
- Assist in the development and editing of Grants Management System (GMS) forms

- Draft grant agreements by uploading applicant data from GMS into grant templates
- Collect required documentation from grantees and contractors
- Assist with keeping grantees and contractors on track and aware of upcoming due dates
- Assist with data management and records retention
- Review reports and invoices received from grantees and contractors for accuracy

Additionally, this position will support program staff with the implementation of the grant-making process, including compiling materials for reviewers, collecting reviewer scores, and developing packets for Board members and other decision makers.

This is a new position that will be funded by indirect earnings attributable to the newly awarded FSMA cooperative agreement.

AGRICULTURAL DEVELOPMENT DIVISION





**RESEARCH DEMONSTRATION COOPERATIVE
AGREEMENTS**
Department of Health and Human Services

Notice of Grant Award

Issue Date: 09/09/2016



FOOD AND DRUG ADMINISTRATION

Grant Number: 1U18FD005897-01

FAIN: U18FD005897

Principal Investigator:

Abbey M Willard

Project Title: Vermont State Produce Safety Program: Design, Development & Implementation

Sweet, Kristina
Senior Agriculture Development Coordinator
116 State Street
Montpelier, VT 056202901

Award e-mailed to: marcey.hodgdon@state.vt.us

Budget Period: 09/05/2016 – 06/30/2017

Project Period: 09/05/2016 – 06/30/2021

Dear Business Official:

The Food and Drug Administration hereby awards a grant in the amount of \$500,000 (see "Award Calculation" in Section I and "Terms and Conditions" in Section III) to VT STATE AGENCY/AGRICULTURE/FOOD/MARKETS in support of the above referenced project. This award is pursuant to the authority of PHS Act, Sec 1706, 42 USC 300u-5, as amended; Sec 2(d), PL 98-551 and is subject to the requirements of this statute and regulation and of other referenced, incorporated or attached terms and conditions.

Acceptance of this award including the "Terms and Conditions" is acknowledged by the grantee when funds are drawn down or otherwise obtained from the grant payment system.

If you have any questions about this award, please contact the Grants Management Specialist and the Project Officer listed in the terms and conditions.

Sincerely yours,

Kimberly Pendleton
Grants Management Officer
Office of Acquisitions & Grants Services
Division of Acquisition Support and Grants
Grants & Assistance Team
FOOD AND DRUG ADMINISTRATION

See additional information below

SECTION I – AWARD DATA – 1U18FD005897-01**Award Calculation (U.S. Dollars)**

Salaries and Wages	\$175,924
Fringe Benefits	\$100,847
Personnel Costs (Subtotal)	\$276,771
Consultant Services	\$62,400
Supplies	\$6,005
Travel Costs	\$43,400
Other Costs	\$9,849

Federal Direct Costs	\$398,425
Federal F&A Costs	\$101,575
Approved Budget	\$500,000
Federal Share	\$500,000
TOTAL FEDERAL AWARD AMOUNT	\$500,000

AMOUNT OF THIS ACTION (FEDERAL SHARE)	\$500,000
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SUMMARY TOTALS FOR ALL YEARS		
YR	THIS AWARD	CUMULATIVE TOTALS
1	\$500,000	\$500,000
2	\$725,000	\$725,000
3	\$755,000	\$755,000
4	\$770,000	\$770,000
5	\$875,000	\$875,000

* Recommended future year total cost support, subject to the availability of funds and satisfactory progress of the project.

Fiscal Information:

CFDA Number:	93.103
EIN:	1036000264E5
Document Number:	UFD005897A
PMS AccountType	P(Subaccount)
Fiscal Year:	2016

IC	CAN	2016	2017	2018	2019	2020
FD	6990928	\$500,000	\$725,000	\$755,000	\$770,000	\$875,000

* Recommended future year total cost support, subject to the availability of funds and satisfactory progress of the project.

FDA Administrative Data:

PCC: ORA17 / OC: 4141 / Processed: FDAKPU 09/02/2016

SECTION II – PAYMENT/HOTLINE INFORMATION – 1U18FD005897-01

Grant payments will be made available through the DHHS Payment Management System (PMS). PMS is administered by the Division of Payment Management, Program Support Center (PSC), DHHS, Office of the Deputy Assistant Secretary, Finance. Requests for downloadable forms and inquiries regarding payment should be directed to:

Regular Mailing Address:

Division of Payment Management
P.O. Box 6021
Rockville, MD 20852
Telephone: (301) 443-1660

Included are the following Links & Instructions for drawing down funds, reporting expenditures, required forms, and the help desk info:

Homepage: <http://www.dpm.psc.gov/Default.aspx>

Grant Recipient Information:
http://www.dpm.psc.gov/grant_recipient/grant_recipient.aspx?explorer.event=true

Grant Recipient Forms:
http://www.dpm.psc.gov/grant_recipient/grantee_forms.aspx?explorer.event=true

PMS Help Desk: <http://www.dpm.psc.gov/help/help.aspx?explorer.event=true>

The ONE-DHHS Help Desk for PMS Support is now available Monday – Friday from 7 a.m. to 9 p.m. EST (except Federal Holidays). Phone (877) 614-5533; Email PMSSupport@psc.gov

SECTION III – TERMS AND CONDITIONS – 1U18FD005897-01

This award is based on the application submitted to, and as approved by, FDA on the above-title project and is subject to the terms and conditions incorporated either directly or by reference in the following:

- a. The grant program legislation and program regulation cited in this Notice of Grant Award.
- b. The restrictions on the expenditure of federal funds in appropriations acts to the extent those restrictions are pertinent to the award.
- c. 45 CFR Part 75.
- d. The HHS Grants Policy Statement, including addenda in effect as of the beginning date of the budget period.
- e. Federal Award Performance Goals: As required by the periodic report in the RPPR or in the final progress report when applicable.
- f. A required Federal Financial Report (FFR) SF-425 must be submitted annually. FDA now requires all annual financial expenditure reports to be submitted electronically using the Federal Financial Report (FFR) system located in the eRA Commons. Annual FFRs must be submitted for each budget period no later than 90 days after the end of the calendar quarter in which the budget period ended. The reporting period for an annual FFR will be that of the budget period for the particular grant; however, the actual submission date is based on the calendar quarter. Failure to submit timely reports may affect future funding.
- g. Closeout Requirements (when applicable): A Final Program Progress Activity Report, Final Federal Financial Report SF-425, Final Invention Statement HHS-568 (if applicable), Tangible Personal Property Report SF-428, and Statement of Disposition of Equipment (if applicable) must be submitted within 90 days after the expiration date of the project period.
- h. This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

This award has been assigned the Federal Award Identification Number (FAIN) U18FD005897. Recipients must document the assigned FAIN on each consortium/subaward issued under this award.

Treatment of Program Income:
Additional Costs

In accordance with the regulatory requirements provided at 45 CFR 75.113 and Appendix XII to 45 CFR Part 75, recipients that have currently active Federal grants, cooperative agreements, and procurement contracts with cumulative total value greater than \$10,000,000 must report and maintain information in the System for Award Management (SAM) about civil, criminal, and administrative proceedings in connection with the award or performance of a Federal award that reached final disposition within the most recent five-year period. The recipient must also make semiannual disclosures regarding such proceedings. Proceedings information will be made publicly available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIS)). Full reporting requirements and procedures are found in Appendix XII to 45 CFR Part 75.

SECTION IV – FD Special Terms and Condition – 1U18FD005897-01

Expanded Authorities do NOT apply to this award.

REPORTING REQUIREMENTS:

Periodic program monitoring will be conducted by FDA on an ongoing basis which may include telephone conversations between the Principal Investigator and the Project Officer, Technical Lead, Grants Management Officer/Grants Management Specialist, site visits and the review of written reports.

The results of these monitoring activities will be recorded in the official cooperative agreement file and will be available to the grant recipient, upon request, consistent with applicable disclosure statutes and FDA disclosure regulations.

A corrective action plan must be submitted if the objectives and goals of the cooperative agreement are not being met. The corrective action plan must detail the tasks, responsible personnel, and updated timeframes to ensure satisfactory performance and meet the deliverables required under the grant.

Two (2) Progress Reports are required on grant activities in the budget period:

A. A Mid-Year Progress Report is to be submitted 30 days following the end of the first 4 months of the budget period. This report should provide the following reporting elements:

- i. Overall progress on the activities of the State Produce Safety project.
- ii. Projected timeline for uncompleted grant activities (expected accomplishments/milestones by the end of the current budget period of the grant).
- iii. Pending issues/concerns.
- iv. Estimated unobligated balance: funds expended and funds remaining on this project as of report submission date.

B. The Annual Progress Report will be due as part of the Research Performance Progress Report (RPPR).

Grants with Multiple Years: In order to receive future funding, the grantee is required to submit the Research Performance Progress Report (RPPR). This report should cover all activities/work that took place during the current budget performance period noted in your Notice of Grant Award (NGA) and at a minimum include the following information:

General progress on the activities of the State Produce Safety project to include the project status in relation to established timeline:

- Jurisdictional self-assessment and planning
- Farm inventory
- Legislative research
- Infrastructure development

- Strategic multi-year planning
 - On-farm advisory reviews (if applicable)
- A. Performance measure(s) development and data collection efforts
 - B. Development of an IT system for tracking and data sharing purposes
 - C. Projected timeline for uncompleted grant projects and or activities (expected accomplishments/milestones by the end of the current budget period of the grant)
 - D. Pending issues/concerns
 - E. Estimated unobligated balance: funds expended and funds remaining on this project as of report submission date

Financial Reporting:

A. Cash Transaction Reports

The Federal Financial Report (FFR) has a dedicated section to report Federal cash receipts and disbursements. For recipients this information must be submitted quarterly directly to the Payment Management System (PMS) using the web-based tool. Quarterly reports are due 30 days following the end of each calendar quarter. The reporting period for this report continues to be based on the calendar quarter. Questions concerning the requirements for this quarterly financial report should be directed to the PMS.

B. Financial Expenditure Reports

A required Federal Financial Report (FFR) must be submitted annually. FDA now requires all annual financial expenditure reports to be submitted electronically using the Federal Financial Report (FFR) system located in the eRA Commons. This includes all initial FFRs being prepared for submission and any revised FSR/FFRs being submitted or re-submitted to FDA. Paper expenditure/FFR reports will not accepted.

Annual FFRs must be submitted for each budget period no later than 90 days after the end of the calendar quarter in which the budget period ended. The reporting period for an annual FFR will be that of the budget period for the particular grant; however, the actual submission date is based on the calendar quarter. Failure to submit timely reports may affect future funding.

Closeout Requirements (when applicable): A Final Program Progress Activity Report, Final Federal Financial Report SF-425, Final Invention Statement HHS-568 (if applicable), Tangible Personal Property Report SF-428, and Statement of Disposition of Equipment (if applicable) must be submitted within 90 days after the expiration date of the project period. All forms can be found at: <http://grants.nih.gov/grants/forms.htm>.

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of 45 CFR 75, Subpart F-Audit Requirements. Audits must be completed and submitted electronically to the Federal Audit Clearinghouse (FAC) within 30 days after receipt of the auditor's report(s), or 9 months after the end of the audit period, i.e., the end of the organization's fiscal year, whichever is earlier. If you need information on your organization's obligations, please visit the following website: <http://harvester.census.gov/sac/>. Valuable information is included under the "Frequently Asked Questions" section of that website.

PROGRAMMATIC TERMS AND CONDITIONS

FDA will take any action that may be necessary to ensure compliance with this cooperative agreement.

FDA retains the right to conduct audits and/or request meetings with the awardee management to discuss project activities. FDA shall be responsible for funding the travel and travel related costs for FDA personnel. Any travel cost incurred by the awardee to meet with FDA is the responsibility of the awardee under this grant.

The grantee organization must comply with all special terms and conditions of the cooperative agreement, including those which state that future funding of the project will depend on recommendations from the Project Officer.

All resources, records, and other documents will be made available upon request to FDA for purposes of monitoring program progress towards meeting the goals of the cooperative agreement.

Future funding will be dependent on recommendations from the Project Officer and the availability of funds. The Project Officer will base the recommendation on whether acceptable progress has been made in achieving full conformance with the cooperative agreement within the required timeframes, and, if applicable, whether a corrective action plan has been developed and corrective actions are being satisfactorily implemented. The grantee must implement corrective action plans for all observations reported by the FDA officials during full program audits.

A determination of the grantee's conformance with the cooperative agreement will be made based upon multiple factors, including the grantee's assessment, progress reports, on-site visits, and audits. If progress concerns are identified, then the grantee will be placed in special condition status and required to implement corrective actions. Failure to implement corrective actions may result in reduction of funding or termination of the cooperative agreement.

The grantee will ensure accessibility and awareness of all resources developed as a result of this cooperative agreement to FDA personnel.

Applicants shall reserve and utilize a portion of their funding for travel of Principal Investigators and/or project staff to attend at least two (2) meetings per year of the National Consortium for Produce Safety Program Development.

Unless another governance structure is mutually agreed upon, the PO will serve as the primary point of contact for the dissemination of FDA policy and milestones/objectives work planning.

FUNDING RESTRICTIONS

Program funds may not be used for any purpose other than those directly supporting the goals of the cooperative agreement.

Non-allowable costs:

- Vehicle purchases are not permitted.
- Cooperative agreement funds may not be utilized for new building construction or remodeling.
- Food

Subcontracting to third parties is limited to 40% of each year's award. Subcontracting with these award funds to awardees receiving funding under cooperative agreement program RFA-FD-16-030 "Limited Competition for Revision Applications for National Research Project to Assess State Agricultural Laws, Regulations and Resources Related to Produce Safety" is prohibited during the entirety of the project period.

Competition B: Program funding recipients who have no plans to adopt the FDA Produce Safety Rule in its entirety or pursue inspections through jurisdiction's employees with an FDA commission are not eligible for Competition B funding.

Facilities, salaries, training, and other expenses reimbursed under other funding mechanisms must remain distinct and separate from the cooperative agreement.

Please also refer to the HHS Grants Policy Statement for additional information regarding costs.

Budgets will be reviewed as ongoing process throughout the budget year and grantees may be asked to justify costs or revise budgets as needed to be compliant with government grant policies.

PRIOR APPROVAL:

All requests that require prior approval must include the award number and bear the signature of an authorized official of the grantee business office as well as that of the PI/PD. Any requests involving budgetary issues must include a new proposed budget and a narrative justification of the requested changes. If there are any questions regarding the need or requirement for prior approval for any activity or cost, the grantee is to contact the assigned Grants Management Specialist prior to expenditure of funds.

Activities that require prior approval

The following activities require prior approval by FDA before being implemented by the grantee, its employees, or designee:

- Change in scope or objectives
- Change in key personnel
- Change in grantee organization
- Change in key partner organization(s)
- Any deviation from the terms and conditions of the award
- Carryover of unobligated balances
- No cost extensions
- Significant rebudgeting of 10% or more of the total funds authorized under the current year's award
- Grantee must notify FDA when rebudgeting <10% even though FDA approval is not required. This rebudgeting shall be reported in the mid-year and annual progress reports. The 10% threshold is cumulative over the course of each budget period.

ACKNOWLEDGEMENT OF FEDERAL SUPPORT:

When issuing statements, press releases, publications and other documents describing projects or programs funded in whole or in part with Federal money, all awardees receiving Federal funds, including and not limited to state and local governments and recipients of Federal research grants, shall clearly indicate:

Funding for this statement, publication, press release, etc. was made possible, in part, by the Food and Drug Administration through grant PAR-16-137. The views expressed in written materials or publications and by speakers and moderators do not necessarily reflect the official policies of the Department of Health and Human Services; nor does any mention of trade names, commercial practices, or organization imply endorsement by the United States Government.

PROGRAM INCOME:

1. The grantee is required to report any Program Income generated during the Project Period of this grant. Except for royalty income generated from patents and inventions, the amount and disposition of Program Income must be identified on lines 10 (l), (m), (n), and (o) of the grantee's Federal Financial Report (FFR) SF-425.
2. Examples of Program Income include (and not limited to): fees for services performed during the grant or sub-grant period, proceeds from sale of tangible personal or real property, usage or rental fees, patent or copyright royalties, and proceeds from the sale of products and technology developed under the grant.

3. Any Program Income generated during the Project Period of this grant by the grantee or sub-grantee is subject to the Addition Alternative for Program Income and, therefore, must only be used to further the goals of the project for which this grant was awarded.

EQUIPMENT AND PRODUCTS:

To the greatest extent practicable, all equipment and products purchased with FDA funds should be American-made.

PAYMENT MANAGEMENT SYSTEM (PMS):

The Payment Management System is administered by the Program Support Center (PSC), DHHS, and payments for FDA grant awards are made through the Division of Payment Management. Applicant organizations are assigned a 12-digit Entity Identification Number for payment and accounting purposes. That number is an expansion of the 9-digit Employer Identification Number assigned to an organization by the Internal Revenue Service.

Included are the following Links & Instructions for drawing down funds, reporting expenditures, required forms, and the help desk info:

Homepage: <http://www.dpm.psc.gov/Default.aspx>

Grant Recipient Information:

http://www.dpm.psc.gov/grant_recipient/grant_recipient.aspx?explorer.event=true

Grant Recipient Forms:

http://www.dpm.psc.gov/grant_recipient/grantee_forms.aspx?explorer.event=true

PMS Help Desk: <http://www.dpm.psc.gov/help/help.aspx?explorer.event=true>

The ONE-DHHS Help Desk for PMS Support is now available Monday – Friday from 7 a.m. to 9 p.m. EST (except Federal Holidays). Phone (877) 614-5533; Email pmssupport@psc.gov>PMSSupport@psc.gov>PMSSupport@psc.gov

FDA CONTACT INFORMATION:

All formal correspondence/reports regarding the grant should be signed by an authorized institutional official and the Principal Investigator and should be sent to the attention of the grants management specialist and program contact, unless otherwise explicitly directed.

STAFF CONTACTS

Grant's Management Specialist: Dan Lukash

Email: daniel.lukash@fda.hhs.gov

Phone: 240-402-7596

Programmatic Contact:

Denise Beutenmuller

Project Officer

Office of Partnerships

Office of Regulatory Affairs

Phone: 240-506-7618

Email: denise.beutenmuller@fda.hhs.gov

Failure to comply with the above stated Program Terms and Conditions could result in the suspension or termination of this grant project.

Direct inquiries regarding scientific programmatic issues to the official listed below.

Direct inquiries regarding fiscal and/or administrative matters to the grants management specialist listed below.

All formal correspondence/reports regarding the grant should be signed by an authorized institutional official and the Principal Investigator and should be sent to the attention of the grants management specialist, unless otherwise explicitly directed.

STAFF CONTACTS

Grants Management Specialist: Daniel Lukash
Email: daniel.lukash@fda.hhs.gov Phone: 240-402-7596

SPREADSHEET SUMMARY

GRANT NUMBER: 1U18FD005897-01

INSTITUTION: VT STATE AGENCY/AGRICULTURE/FOOD/MARKETS

Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries and Wages	\$175,924	\$255,430	\$281,411	\$292,802	\$336,751
Fringe Benefits	\$100,847	\$144,386	\$172,276	\$177,840	\$204,688
Personnel Costs (Subtotal)	\$276,771	\$399,816	\$453,687	\$470,642	\$541,439
Consultant Services	\$62,400	\$83,400	\$44,400	\$44,400	\$44,400
Supplies	\$6,005	\$6,535	\$6,535	\$6,600	\$11,135
Travel Costs	\$43,400	\$63,400	\$39,500	\$29,500	\$29,500
Other Costs	\$9,849	\$25,117	\$44,386	\$46,133	\$49,822
TOTAL FEDERAL DC	\$398,425	\$578,268	\$588,508	\$597,275	\$676,296
TOTAL FEDERAL F&A	\$101,575	\$146,732	\$166,492	\$172,725	\$198,704
TOTAL COST	\$500,000	\$725,000	\$755,000	\$770,000	\$875,000

VERMONT DEPARTMENT OF PERSONNEL
Request for Classification Review
Position Description Form A

- This form is to be used by managers and supervisors to request classification of a position (filled or vacant) when the duties have changed, and by managers and supervisors to request the creation of a new job class/title (for a filled, vacant, or new position), and by employees to request classification of their position.
- This form was designed in Microsoft Word to download and complete on your computer. This is a form-protected document, so information can only be entered in the shaded ☐ areas of the form.
- If you prefer to fill out a hard copy of the form, contact your Personnel Officer.
- To move from field to field use your mouse, the arrow keys or press Tab. Each form field has a limited number of characters. Use your mouse or the spacebar to mark and unmark a checkbox.
- Where additional space is needed to respond to a question, you might need to attach a separate page, and number the responses to correspond with the numbers of the questions on the form. Please contact your Personnel Officer if you have difficulty completing the form.
- The form must be complete, including required attachments and signatures or it will be returned to the department's personnel office. All sections of this form are required to be completed unless otherwise stated.

INSTRUCTIONS: Tell us about the job. The information you provide will be used to evaluate the position. It will not be used in any way to evaluate an employee's performance or qualifications.

Answer the questions carefully. The information you give will help ensure that the position is fairly evaluated. Here are some suggestions to consider in completing this questionnaire:

- Tell the facts about what an employee in this position is actually expected to do.
- Give specific examples to make it clear.
- Write in a way so a person unfamiliar with the job will be able to understand it.
- Describe the job as it is now; not the way it was or will become.
- Before answering each question, read it carefully.

To Submit this Request for Classification Review: If this is a filled position, the employee must sign the original* and forward to the supervisor for the supervisor's review and signature. The Personnel Officer and the Appointing Authority must also review and sign this request before it is considered complete. The effective date of review is the beginning of the first pay period following the date the complete Request for Classification Review is date stamped by the Classification Division of the Department of Personnel.

*An employee may choose to sign the form, make a copy, submit original to supervisor as noted above, while concurrently sending the copy to the Classification Division, 144 State Street, Montpelier, with a cover note indicating that the employee has submitted the original to the supervisor and is submitting the copy as a Concurrent filing.

If this is a request (initiated by employees, VSEA, or management) for review of all positions in a class/title please contact the appropriate Classification Analyst or the Classification Manager to discuss the request prior to submitting.

**Request for Classification Review
Position Description Form A**

For Department of Personnel Use Only

Notice of Action # _____		Date Received (Stamp) _____
Action Taken _____		
New Job Title _____		
Current Class Code _____	New Class Code _____	
Current Pay Grade _____	New Pay Grade _____	
Current Mgt Level: B/U _____ OT Cat _____	EEO Cat _____	FLSA _____
New Mgt Level: B/U _____ OT Cat _____	EEO Cat _____	FLSA _____
Classification Analyst _____	Date _____	Effective Date _____
Comments: _____		Date Processed: _____
Willis Rating/Components: _____	Knowledge & Skills: _____	Mental Demands: _____
	Working Conditions: _____	Accountability: _____
	Total: _____	

Incumbent Information:

Employee Name: Employee Number:

Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title, and Phone Number:

How should the notification to the employee be sent: ☐ employee's work location ☐ or ☐ other address, please provide mailing address:

New Position/Vacant Position Information:

New Position Authorization: Request Job/Class Title:

Position Type: ☐ Permanent or ☒ Limited / Funding Source: ☐ Core, ☐ Partnership, or ☐ Sponsored

Vacant Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title and Phone Number:

Type of Request:

☒ **Management:** A management request to review the classification of an existing position, class, or create a new job class.

☐ **Employee:** An employee's request to review the classification of his/her current position.

☐ Employee: An employee's request to review the classification of his/her current position.

1. Job Duties

This is the **most critical** part of the form. Describe the activities and duties required in your job, noting changes (new duties, duties no longer required, etc.) since the last review. Place them in order of importance, beginning with the single most important activity or responsibility required in your job. The importance of the duties and expected end results should be clear, including the tolerance that may be permitted for error. Describe each job duty or activity as follows:

- **What it is:** The nature of the activity.
- **How you do it:** The steps you go through to perform the activity. Be specific so the reader can understand the steps.
- **Why it is done:** What you are attempting to accomplish and the end result of the activity.

For example a Tax Examiner might respond as follows: *(What) Audits tax returns and/or taxpayer records. (How) By developing investigation strategy; reviewing materials submitted; when appropriate interviewing people, other than the taxpayer, who have information about the taxpayer's business or residency. (Why) To determine actual tax liabilities.*

The duties of the Senior Agricultural Development Specialist (PG 25) will encompass the work requirements of the Agriculture Development Specialist II (PG 24), with these increased knowledge, skills and abilities:

Leadership - This position takes a leadership role in the Agency and with our partners - within the state and the region - around particular programs. This senior position also has responsibilities of intern management, when appropriate, as well as a leadership role supporting other Division staff regarding program development and partner relations.

Accountability - This position takes an active role in representing the Agency at a variety of venues. They provide policy recommendations internally and externally to partners and the legislature. They are responsible for leading program development, impact analysis, and partner collaboration.

Independence - This position takes a leadership role within a programmatic team. They work directly with partners to develop markets and promote agricultural products and correspond with the media and the legislature on behalf of the Agency.

Fund Management - This position is responsible for fund acquisition and management including program design and implementation, budget tracking, and results reporting.

2. Key Contacts

This question deals with the personal contacts and interactions that occur in this job. Provide brief typical examples indicating your primary contacts (not an exhaustive or all-inclusive list of contacts) other than those persons to whom you report or who report to you. If you work as part of a team, or if your primary contacts are with other agencies or groups outside State government describe those interactions, and what your role is. For example: *you may collaborate, monitor, guide, or facilitate change.*

The individual will interact with Federal (USDA Rural Development, Farm Service Agency, Small Business Administration, and Natural Resource Conservation Service), Vermont agencies and departments, and State and national non-profit and for profit partner organizations, and the media. This individual has frequent interaction with commodity representatives, food buyers, chain stores, independent grocers determines next steps to promote and facilitate development of new markets, and relocation of farmers and

agricultural businesses to the State. The individual in this position takes the lead on collaboration with key contacts.

3. Are there licensing, registration, or certification requirements; or special or unusual skills necessary to perform this job?

Include any special licenses, registrations, certifications, skills; (such as counseling, engineering, computer programming, graphic design, strategic planning, keyboarding) including skills with specific equipment, tools, technology, etc. (such as mainframe computers, power tools, trucks, road equipment, specific software packages). Be specific, if you must be able to drive a commercial vehicle, or must know Visual Basic, indicate so.

4. Do you supervise?

In this question "supervise" means if you direct the work of others where you are held directly responsible for assigning work; performance ratings; training; reward and discipline or effectively recommend such action; and other personnel matters. List the names, titles, and position numbers of the classified employees reporting to you:

5. In what way does your supervisor provide you with work assignments and review your work?

This question deals with how you are supervised. Explain how you receive work assignments, how priorities are determined, and how your work is reviewed. There are a wide variety of ways a job can be supervised, so there may not be just one answer to this question. For example, some aspects of your work may be reviewed on a regular basis and in others you may operate within general guidelines with much independence in determining how you accomplish tasks.

6. Mental Effort

This section addresses the mental demands associated with this job. Describe the most mentally challenging part of your job or the most difficult typical problems you are expected to solve. Be sure to give a specific response and describe the situation(s) by example.

- For example, a purchasing clerk might respond: *In pricing purchase orders, I frequently must find the cost of materials not listed in the pricing guides. This involves locating vendors or other sources of pricing information for a great variety of materials.*
- Or, a systems developer might say: *Understanding the ways in which a database or program will be used, and what the users must accomplish and then developing a system to meet their needs, often with limited time and resources.*

Individual must develop systems for organizing activities and accomplishing objectives in timely and cost effective manner. Requires work in sometimes contentious, challenging and potentially hostile situations requiring tact and discretion to work toward a favorable outcome, and public speaking to a variety of audiences. Must navigate applicable federal and state rules, regulations and procedures.

7. Accountability

This section evaluates the job's expected results. In weighing the importance of results, consideration should be given to responsibility for the safety and well-being of people, protection of confidential information and protection of resources.

What is needed here is information not already presented about the job's scope of responsibility. What is the job's most significant influence upon the organization, or in what way does the job contribute to the organization's mission?

Provide annualized dollar figures if it makes sense to do so, explaining what the amount(s) represent.

For example:

- A social worker might respond: *To promote permanence for children through coordination and delivery of services;*
- A financial officer might state: *Overseeing preparation and ongoing management of division budget: \$2M Operating/Personal Services, \$1.5M Federal Grants.*

The individual must take a leadership role in promotion, marketing, land use planning and development work of the Agency. This position will create programs, support innovative strategies, develop technical and financial assistance efforts applicable to a wider variety of agricultural stakeholders, producers, and grantees engaged with the Agency. He or she will be responsible for fund management, program development and sustainability, as well as creation of metrics aligned with state goals.

Leading market expansion initiatives for Vermont agricultural products is a requirement for our food suppliers to be successful. Recommending policy, designing and implementing programs, and serving as a subject-matter expert for the Agency are required to support Vermont's working landscape, agricultural heritage, and healthy communities.

B. Working Conditions

The intent of this question is to describe any adverse conditions that are routine and expected in your job. It is not to identify special situations such as overcrowded conditions or understaffing.

- a) What significant mental stress are you exposed to? All jobs contain some amount of stress. If your job stands out as having a significant degree of mental or emotional pressure or tension associated with it, this should be described.

Type	How Much of the Time?

- b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: hazards include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes; toxic waste, contaminated materials; vehicle accident, disease, cuts, falls, etc.; and discomfort includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	How Much of the Time?

- c) What weights do you lift, how much do they weigh and how much time per day/week do you spend lifting?

Type	How Heavy?	How Much of the Time?

- d) What working positions (sitting, standing, bending, reaching) or types of effort (lifting, walking, driving) are required?

Type	How Much of the Time?

Additional Information:

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

--

Employee's Signature (required):

N/A

Date:

Supervisor's Section:

Carefully review this completed job description, but do not alter or eliminate any portion of the original response. Please answer the questions listed below.

1. What do you consider the most important duties of this job and why?

This position will take a leadership role in developing a programmatic communication plan that represents the Agency and engages all constituents, including partners and agricultural community representatives.

2. What do you consider the most important knowledge, skills, and abilities of an employee in this job (not necessarily the qualifications of the present employee) and why?

Leadership role in promotion, marketing, and communication development work in the Agency. Ability to anticipate and proactively address challenges or conflicts. Ability to anticipate the needs of target audiences and address those needs through strategic communications. Ability to clearly define objectives and develop a comprehensive execution strategy.

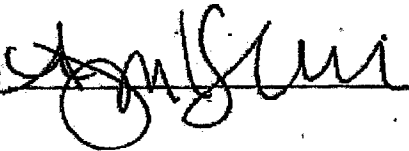
3. Comment on the accuracy and completeness of the responses by the employee. List below any missing items and/or differences where appropriate.

N/A

4. Suggested Title and/or Pay Grade:

Senior Ag Development Coordinator PG 25

Supervisor's Signature (required):



Date:

10/20/16

Personnel Administrator's Section:

Please complete any missing information on the front page of this form before submitting it for review.

Are there other changes to this position, for example: Change of supervisor, GUC, work station?

☐ Yes ☒ No If yes, please provide detailed information.

Attachments:

- ☒ Organizational charts are required and must indicate where the position reports.
☐ Draft job specification is required for proposed new job classes.

- b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: hazards include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes, toxic waste, contaminated materials, vehicle accident, disease, cuts, falls, etc.; and discomfort includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	How Much of the Time?

- c) What weights do you lift; how much do they weigh and how much time per day/week do you spend lifting?

Type	How Heavy?	How Much of the Time?

- d) What working positions (sitting, standing, bending, reaching) or types of effort (hiking, walking, driving) are required?

Type	How Much of the Time?

Additional Information:

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

--

Employee's Signature (required): N/A Date: _____

Suggested Title and/or Pay Grade:

Personnel Administrator's Signature (required):

Jane Modica

Date:

10/14/16

Appointing Authority's Section:

Please review this completed job description but **do not alter** or eliminate any of the entries. Add any clarifying information and/or additional comments (if necessary) in the space below.

Suggested Title and/or Pay Grade:

John H. Leland

Appointing Authority or Authorized Representative Signature (required)

Date:

10/18/16

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graph TD
    Sec[SECRETARY  
Charles R. Ross, Jr.] --> DSec1[Deputy Secretary  
Diane Bollfeld]
    Sec --> DSec2[Deputy Secretary  
Johnnie LaChair]
    DSec1 --> SAgDev1[Senior Ag Develop Coord  
Alexander Tsehlilis]
    DSec1 --> CPM[Chief Policy Enforcement Officer  
Elephantine Smith]
    DSec1 --> SAgDev2[Senior Ag Develop Coord  
Larven Maserello]
    DSec2 --> APAdm[Ag Policy Administrator  
Allison Krasnowski]
    DSec2 --> BDevSec[Business Development Section Chief  
Chelsea Lewis]
    DSec2 --> SAgDev3[Senior Ag Develop Coord  
Reginald Griffin]
    DSec2 --> AS[Ag Develop Coord  
Naselle Severum]
    DSec2 --> CA[Comms Administrator  
Melissa Wilson]
    DSec2 --> FSSC[Food Systems Section Chief  
Abbey Willard]
    FSSC --> SAgDev4[Senior Ag Develop Coord  
Alexandra Zipparo]
    FSSC --> PS[Produce Safety Program  
Kristina Sweet]
    FSSC --> ADFP[Agribusiness Development Coord  
JBC, Proposed Position]
  
```


Request for Classification Review Position Description Form A

For Department of Personnel Use Only

Notice of Action #					Date Received (Stamp)	
Action Taken						
New Job Title						
Current Class Code			New Class Code			
Current Pay Grade			New Pay Grade			
Current Mgt Level		B/U	OT Cat	EEO Cat	FLSA	
New Mgt Level		B/U	OT Cat	EEO Cat	FLSA	
Classification Analyst				Date		Effective Date
Comments						
Date Processed						
Willis Rating/Components		Knowledge & Skills		Mental Demands		Accountability
		Working Conditions		Total		

Incumbent Information:

Employee Name: Employee Number:

Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title, and Phone Number:

How should the notification to the employee be sent: ☐ employee's work location ☐ or ☐ other address, please provide mailing address:

New Position/Vacant Position Information:

New Position Authorization: Request Job/Class Title:

Position Type: ☐ Permanent or ☒ Limited / Funding Source: ☐ Core, ☐ Partnership, or ☐ Sponsored

Vacant Position Number: Current Job/Class Title: Agriculture Development Coordinator

Agency/Department/Unit: 02200- Agric/Agric Dev/ Gen Ad Work Station: Montpeller Zip Code: 05602

Supervisor's Name, Title and Phone Number: Abbey Willard, Food System Section Chief

Type of Request:

☒ **Management:** A management request to review the classification of an existing position, class, or create a new job class.

☐ **Employee:** An employee's request to review the classification of his/her current position.

VERMONT DEPARTMENT OF PERSONNEL
Request for Classification Review
Position Description Form A

- **This form is to be used by managers and supervisors to request classification of a position (filled or vacant) when the duties have changed, and by managers and supervisors to request the creation of a new job class/title (for a filled, vacant, or new position), and by employees to request classification of their position.**
- This form was designed in Microsoft Word to download and complete on your computer. This is a form-protected document, so information can only be entered in the shaded ☐ areas of the form.
- If you prefer to fill out a hard copy of the form, contact your Personnel Officer.
- To move from field to field use your mouse, the arrow keys or press Tab. Each form field has a limited number of characters. Use your mouse or the spacebar to mark and unmark a checkbox.
- Where additional space is needed to respond to a question, you might need to attach a separate page, and number the responses to correspond with the numbers of the questions on the form. Please contact your Personnel Officer if you have difficulty completing the form.
- The form **must be complete**, including required attachments and signatures or it will be returned to the department's personnel office. All sections of this form are required to be completed unless otherwise stated.

INSTRUCTIONS: Tell us about the job. The information you provide will be used to evaluate the position. It will not be used in any way to evaluate an employee's performance or qualifications.

Answer the questions carefully. The information you give will help ensure that the position is fairly evaluated. Here are some suggestions to consider in completing this questionnaire:

- Tell the facts about what an employee in this position is actually expected to do.
- Give specific examples to make it clear.
- Write in a way so a person unfamiliar with the job will be able to understand it.
- Describe the job as it is now; not the way it was or will become.
- Before answering each question, read it carefully.

To Submit this Request for Classification Review: If this is a filled position, the employee must sign the original and forward to the supervisor for the supervisor's review and signature. The Personnel Officer and the Appointing Authority must also review and sign this request before it is considered complete. The effective date of review is the beginning of the first pay period following the date the complete Request for Classification Review is date stamped by the Classification Division of the Department of Personnel.

*An employee may choose to sign the form, make a copy, submit original to supervisor as noted above, while concurrently sending the copy to the Classification Division, 144 State Street, Montpelier, with a cover note indicating that the employee has submitted the original to the supervisor and is submitting the copy as a Concurrent filing.

If this is a request (initiated by employees, VSEA, or management) for review of all positions in a class/title please contact the appropriate Classification Analyst or the Classification Manager to discuss the request prior to submitting.

1. Job Duties

This is the *most critical* part of the form. Describe the activities and duties required in your job, noting changes (new duties, duties no longer required, etc.) since the last review. Place them in order of importance, beginning with the single most important activity or responsibility required in your job. The importance of the duties and expected end results should be clear, including the tolerance that may be permitted for error. Describe each job duty or activity as follows:

- **What it is:** The nature of the activity.
- **How you do it:** The steps you go through to perform the activity. Be specific so the reader can understand the steps.
- **Why it is done:** What you are attempting to accomplish and the end result of the activity.

For example a Tax Examiner might respond as follows: (What) *Audits tax returns and/or taxpayer records.* (How) *By developing investigation strategy; reviewing materials submitted; when appropriate interviewing people, other than the taxpayer, who have information about the taxpayer's business or residency.* (Why) *To determine actual tax liabilities.*

Promotional, marketing ; land use planning and development work for the Agency of Agriculture Food & Markets. This work may involve the expansion of markets for Vermont agricultural products or land use development review in a regulatory context. Duties include assistance to the agricultural community with advocacy, infrastructure development and technical assistance. Work is performed under the supervision of the Food Systems Section Chief in conjunction with senior staff in the Ag Development Division or the Administration. Interaction with various agricultural producers, marketing groups, consultants, state agencies and quasi state agencies is involved.

Examples of Work:

Job duties include advocating on different aspects of the farming industry including preservation of farmland, promotion of local foods to school and institutions, and providing technical assistance. Assists in the implementation of comprehensive programs to address the Agency's mission of promoting agriculture as a business, protecting the farmland base in the state and developing the necessary infrastructure, market to make farms more profitable, and to protect the Agency's interests when appropriate. As part of technical assistance, the individual will conduct detailed analysis, and share information with appropriate state officials, or industry representatives to further the goals of a specific program such as Working Lands Enterprise program, Farm to School program, Act 250-Criterion 9(B). The individual may

- share information with commodity representatives, food buyers, chain stores, independent grocers, and the media, which develop markets and effective procedures for the promotion of specific agricultural products.
- coordinate and provide information on sources of technical assistance to agricultural producers in developing new products and more efficient production methods.
- provide assistance by preparing materials to arrange funding from governmental, industry, and interest groups for promotional campaigns.
- review development plans for conformance with state land use law and provide recommendations to the District Environmental Commissions.
- develop and implement outreach, communications and/or marketing plans for meeting the needs of a particular program within the purview of the Agency.
- assist with the management of funding, including reports of outcomes from funding and or

quarterly reporting of goals.

prepare a variety of promotional materials and/or program reports including writing articles for publication in the Agency's newspaper - Agriview.

•Make presentations in a variety of forums.

•assist in Agency participation in in-state trade shows.

•Be primary liaison with quasi-state boards or commissions. (What) Justifies the continued funding of the grant funded position.

(How) Reports quarterly on work to the Vermont Housing and Conservation Board.

(Why) To ensure continued technical support to the Act 250 District Commissions on the 9(B) Criterion this furthers the states ability to plan development so as to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside [24 V.S.A. §4302 (c)].

2. Key Contacts

This question deals with the personal contacts and interactions that occur in this job. Provide brief typical examples indicating your primary contacts (not an exhaustive or all-inclusive list of contacts) other than those persons to whom you report or who report to you. If you work as part of a team, or if your primary contacts are with other agencies or groups outside State government describe those interactions, and what your role is. For example: you may collaborate, monitor, guide, or facilitate change.

Vermont Office of the Attorney General

Vermont Housing and Conservation Board

Natural Resources Board

Act 250 District Coordinators

Working Lands Enterprise Board

Vermont Agriculture and Forestry Development Board

Agency of Agriculture and Department of Forest and Parks personnel

Agricultural Industry in Vermont - farmers, value added processors, ag related businesses

Forestry Industry in Vermont - forest owners, loggers, value added processors and forestry related businesses

Partners in Agriculture and Forestry - UVM Extension, USDA County Foresters, Vermont Feed Dealers Association, Northeast Organic Farmers Association, Forest Products Association, Vermont Farm Bureau, Northern Woodlands Association, USDA Farm Services Agency, USDA Natural Resource Conservation Service and Vermont Association of Conservation Districts.

3. Are there licensing, registration, or certification requirements; or special or unusual skills necessary to perform this job?

Include any special licenses, registrations, certifications, skills; (such as counseling, engineering, computer programming, graphic design, strategic planning, keyboarding) including skills with specific equipment, tools, technology, etc. (such as mainframe computers, power tools, trucks, road equipment, specific software packages). Be specific, if you must be able to drive a commercial vehicle, or must know Visual Basic, indicate so.

Education: Bachelor's degree in the field of agriculture, land use planning, natural resource management, forestry, economics, marketing, public relations or communications AND two (2) years or more at or above a technical level in agriculture, marketing, public relations, communications, land use or natural resource planning, or advertising.

4. Do you supervise?

In this question "supervise" means if you direct the work of others where you are held directly responsible for assigning work; performance ratings; training; reward and discipline or effectively recommend such action; and other personnel matters. List the names, titles, and position numbers of the classified employees reporting to you:

No.

5. In what way does your supervisor provide you with work assignments and review your work?

This question deals with how you are supervised. Explain how you receive work assignments, how priorities are determined, and how your work is reviewed. There are a wide variety of ways a job can be supervised, so there may not be just one answer to this question. For example, some aspects of your work may be reviewed on a regular basis and in others you may operate within general guidelines with much independence in determining how you accomplish tasks.

Position will work under supervision of Food Systems Section Chief or other senior staff member in a team environment. Work product will be determined weekly depending on a particular program assignment.

6. Mental Effort

This section addresses the mental demands associated with this job. Describe the most mentally challenging part of your job or the most difficult typical problems you are expected to solve. Be sure to give a specific response and describe the situation(s) by example.

- For example, a purchasing clerk might respond: *In pricing purchase orders, I frequently must find the cost of materials not listed in the pricing guides. This involves locating vendors or other sources of pricing information for a great variety of materials.*
- Or, a systems developer might say: *Understanding the ways in which a database or program will be used, and what the users must accomplish and then developing a system to meet their needs, often with limited time and resources.*

Considerable knowledge of marketing principles and/ or land use principles.

Familiarity with Federal and state rules, regulations and procedures.

Working knowledge of the basic laws of economics.

Working knowledge of the methodology of statistical data gathering, compilation and evaluation.

Ability to interpret plans and use online mapping programs.

Considerable ability to organize activities to accomplish objectives in a timely and cost effective manner.

Comfortable with to public speaking and engaging a variety of audiences in a positive and persuasive manner.

Ability to communicate in multiple written formats such as technical writing, articles and correspondence.

Ability to establish and maintain effective work relationships.

Detail oriented and able to evaluate complex and controversial issues.

7. Accountability

This section evaluates the job's expected results. In weighing the importance of results, consideration should be given to responsibility for the safety and well-being of people, protection of confidential information and protection of resources.

What is needed here is information not already presented about the job's scope of responsibility. What is the job's most significant influence upon the organization, or in what way does the job contribute to the organization's mission?

Provide annualized dollar figures if it makes sense to do so, explaining what the amount(s) represent.

For example:

- A social worker might respond: *To promote permanence for children through coordination and delivery of services;*
- A financial officer might state: *Overseeing preparation and ongoing management of division budget: \$2M Operating/Personal Services, \$1.6M Federal Grants.*

Individual may be involved in assisting with potential granting programs by developing Requests for Proposals, reviewing incoming applications and assisting senior staff in review of applications. Individual may be involved assisting with the preservation of farmland and ensuring it's available for future producers throughout the state by assisting in the advocacy of the Agency's interests in the Act 250 permitting process. Individual may be involved in assisting in the development and implementation of marketing and promotion programs with senior staff.

8. Working Conditions

The intent of this question is to describe any adverse conditions that are routine and expected in your job. It is not to identify special situations such as overcrowded conditions or understaffing.

- a) What significant mental stress are you exposed to? All jobs contain some amount of stress. If your job stands out as having a significant degree of mental or emotional pressure or tension associated with it, this should be described.

Type	How Much of the Time?
Multitasking and deadline management	25%

- b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: hazards include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes, toxic waste, contaminated materials, vehicle accident,

disease, cuts, falls, etc.; and discomfort includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	How Much of the Time?
N/A	

- c) What weights do you lift; how much do they weigh and how much time per day/week do you spend lifting?

Type	How Heavy?	How Much of the Time?
promotional materials in boxes	25 lbs.	25%

- d) What working positions (sitting, standing, bending, reaching) or types of effort (hiking, walking, driving) are required?

Type	How Much of the Time?
Sitting	75%
walking/standing/driving	25%

Additional Information:

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

Employee's Signature (required):

N/A

Date:

Supervisor's Section:

Carefully review this completed job description, but do not alter or eliminate any portion of the original response. Please answer the questions listed below.

1. What do you consider the most important duties of this job and why?

This position will establish a direct consumer marketing program focused on consumer access and producer marketing relationships with farmers' markets, farm stands and CSA (community supported agriculture) farms.

2. What do you consider the most important knowledge, skills, and abilities of an employee in this job (not necessarily the qualifications of the present employee) and why?

Experience in working with food and farm businesses, understanding marketing principles, and collaboratively managing relationships within a network of agricultural producers, state and federal agencies, nonprofit partners, funders, and service providers. Communication, data collection and analysis experience is desired. Knowledge of local food systems or agritourism, event coordination, and strong group facilitation skills are key.

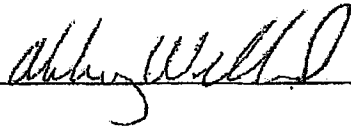
3. Comment on the accuracy and completeness of the responses by the employee. List below any missing items and/or differences where appropriate.

N/A

4. Suggested Title and/or Pay Grade:

Agriculture Development Coordinator, PG 23

Supervisor's Signature (required):



Date: 8/2/16

Personnel Administrator's Section:

Please complete any missing information on the front page of this form before submitting it for review.

Are there other changes to this position, for example: Change of supervisor, GUC, work station?

☐ Yes ☒ No If yes, please provide detailed information.

Attachments:

- ☒ Organizational charts are required and must indicate where the position reports.
☐ Draft job specification is required for proposed new job classes.

Will this change affect other positions within the organization? If so, describe how, (for example, have duties been shifted within the unit requiring review of other positions; or are there other issues relevant to the classification review process).

No

Suggested Title and/or Pay Grade:

Agriculture Development Coordinator, PG 23

Personnel Administrator's Signature (required):

Jane Modica

Date:

8/2/2016

Appointing Authority's Section:

Please review this completed job description but do not alter or eliminate any of the entries. Add any clarifying information and/or additional comments (if necessary) in the space below.

Suggested Title and/or Pay Grade:

Agriculture Development Coordinator, PG 23

Appointing Authority or Authorized Representative Signature (required)

Date

8/2/16

VERMONT DEPARTMENT OF PERSONNEL
Request for Classification Review
Position Description Form A

- **This form is to be used by managers and supervisors to request classification of a position (filled or vacant) when the duties have changed, and by managers and supervisors to request the creation of a new job class/title (for a filled, vacant, or new position), and by employees to request classification of their position.**
- This form was designed in Microsoft Word to download and complete on your computer. This is a form-protected document, so information can only be entered in the shaded ☐ areas of the form.
- If you prefer to fill out a hard copy of the form, contact your Personnel Officer.
- To move from field to field use your mouse, the arrow keys or press Tab. Each form field has a limited number of characters. Use your mouse or the spacebar to mark and unmark a checkbox.
- Where additional space is needed to respond to a question, you might need to attach a separate page, and number the responses to correspond with the numbers of the questions on the form. Please contact your Personnel Officer if you have difficulty completing the form.
- The form must be complete, including required attachments and signatures or it will be returned to the department's personnel office. All sections of this form are required to be completed unless otherwise stated.

INSTRUCTIONS: Tell us about the job. The information you provide will be used to evaluate the position. It will not be used in any way to evaluate an employee's performance or qualifications.

Answer the questions carefully. The information you give will help ensure that the position is fairly evaluated. Here are some suggestions to consider in completing this questionnaire:

- Tell the **facts** about what an employee in this position is actually expected to do.
- Give **specific examples** to make it clear.
- Write in a way so a person unfamiliar with the job will be able to understand it.
- Describe the job as it is **now**, not the way it was or will become.
- Before answering each question, read it carefully.

To Submit this Request for Classification Review: If this is a filled position, the employee must sign the original* and forward to the supervisor for the supervisor's review and signature. The Personnel Officer and the Appointing Authority must also review and sign this request before it is considered complete. The effective date of review is the beginning of the first pay period following the date the complete Request for Classification Review is date stamped by the Classification Division of the Department of Personnel.

*An employee may choose to sign the form, make a copy, submit original to supervisor as noted above, while concurrently sending the copy to the Classification Division, 144 State Street, Montpelier, with a cover note indicating that the employee has submitted the original to the supervisor and is submitting the copy as a **Concurrent** filing.

If this is a request (initiated by employees, VSEA, or management) for review of all positions in a class/title please contact the appropriate Classification Analyst or the Classification Manager to discuss the request prior to submitting.

Request for Classification Review Position Description Form A

For Department of Personnel Use Only

Notice of Action # _____				Date Received (Stamp) _____	
Action Taken: _____					
New Job Title _____					
Current Class Code _____		New Class Code _____			
Current Pay Grade _____		New Pay Grade _____			
Current Mgt Level _____ B/U _____		OT Cat _____		EEO Cat _____ FLSA _____	
New Mgt Level _____ B/U _____		OT Cat _____		EEO Cat _____ FLSA _____	
Classification Analyst _____			Date _____		Effective Date _____
Comments _____					Date Processed _____
Willis Rating/Components _____		Knowledge & Skills _____		Mental Demands _____	
		Working Conditions _____		Accountability _____	
		Total _____			

Incumbent Information:

Employee Name: Employee Number:

Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title, and Phone Number:

How should the notification to the employee be sent: ☐ employee's work location ☐ or ☐ other address, please provide mailing address:

New Position/Vacant Position Information:

New Position Authorization: Request Job/Class Title:

Position Type: ☐ Permanent or ☒ Limited / Funding Source: ☐ Core, ☐ Partnership, or ☐ Sponsored

Vacant Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title and Phone Number:

Type of Request:

☐ **Management:** A management request to review the classification of an existing position, class, or create a new job class.

☐ **Employee:** An employee's request to review the classification of his/her current position.

1. Job Duties

This is the **most critical** part of the form. Describe the activities and duties required in your job, **noting changes (new duties, duties no longer required, etc.) since the last review.** Place them in order of importance, beginning with the single most important activity or responsibility required in your job. The importance of the duties and expected end results should be clear, including the tolerance that may be permitted for error. Describe each job duty or activity as follows:

- **What it is:** The nature of the activity.
- **How you do it:** The steps you go through to perform the activity. Be specific so the reader can understand the steps.
- **Why it is done:** What you are attempting to accomplish and the end result of the activity.

For example a Tax Examiner might respond as follows: **(What)** Audits tax returns and/or taxpayer records. **(How)** By developing investigation strategy; reviewing materials submitted; when appropriate interviewing people, other than the taxpayer, who have information about the taxpayer's business or residency. **(Why)** To determine actual tax liabilities.

Complex and specialized technical work as a paraprofessional, duties involve administering a multi-faceted phase of an agency program including technical and clerical processes. Requires a broad knowledge of an agency program. This is the second level in the Program Technician series and is distinguished from the first level by a broader scope of program responsibility and the need to function with much independence. Work is performed under the general direction of an administrative superior, but with need for significant interaction with other division or department staff, other state or outside agencies.

Responsible for complex and diverse program components including reviewing records and reports submitted by program participants or agency staff for compliance with legal, regulatory or policy standards. Responds to programmatic inquiries from the general public, governmental officials, or other jurisdictions. Responsible for requesting and collecting program data; editing and analyzing the data; and writing comprehensive status reports. May perform in-depth analysis of program needs and recommend policy and procedural modifications. May include reviewing and processing applications for permits or licenses, assisting agency clients with inquiries or problems concerning the assigned program area. May prepare, review, process and/or recommend action or review of contracts, grants and other program implementation. Communicates procedural or program changes to program staff, contractors, and other interested parties. May attend civic meetings or other meetings to gather or distribute program or technical information. Develops and maintains various filing systems, including database systems. May process various types of claims, requisitions, purchase orders and invoices. Interprets statutes, regulations, policies and procedures.

2. Key Contacts

This question deals with the personal contacts and interactions that occur in this job. Provide brief typical examples indicating your primary contacts (not an exhaustive or all-inclusive list of contacts) other than those persons to whom you report or who report to you. If you work as part of a team, or if your primary contacts are with other agencies or groups outside State government describe those interactions, and what your role is. For example: you may collaborate, monitor, guide, or facilitate change.

Agency Staff: works as part of a team to facilitate program implementation
Contractors and Grantees: guides compliance with agreement timelines and terms
Organizational partners: supports collaboration

3. Are there licensing, registration, or certification requirements; or special or unusual skills necessary to perform this job?

Include any special licenses, registrations, certifications, skills; (such as counseling, engineering, computer programming, graphic design, strategic planning, keyboarding) including skills with specific equipment, tools, technology, etc. (such as mainframe computers, power tools, trucks, road equipment, specific software packages). Be specific, if you must be able to drive a commercial vehicle, or must know Visual Basic, indicate so.

Must be proficient with Microsoft Office, specifically Excel. Ability to navigate within the Grants Management System and other Agency databases and software systems.

4. Do you supervise?

In this question "supervise" means if you direct the work of others where you are held **directly** responsible for assigning work; performance ratings; training; reward and discipline or effectively recommend such action; and other personnel matters. List the names, titles, and position numbers of the classified employees reporting to you:

No

5. In what way does your supervisor provide you with work assignments and review your work?

This question deals with how you are supervised. Explain how you receive work assignments, how priorities are determined, and how your work is reviewed. There are a wide variety of ways a job can be supervised, so there may not be just one answer to this question. For example, some aspects of your work may be reviewed on a regular basis and in others you may operate within general guidelines with much independence in determining how you accomplish tasks.

Position will work under supervision of Business Development Section Chief or other senior staff member in a team environment. Work product will be determined weekly depending on a particular program assignment.

6. Mental Effort

This section addresses the mental demands associated with this job. Describe the most mentally challenging part of your job or the most difficult typical problems you are expected to solve. Be sure to give a specific response and describe the situation(s) by example.

- For example, a purchasing clerk might respond: *In pricing purchase orders, I frequently must find the cost of materials not listed in the pricing guides. This involves locating vendors or other sources of pricing information for a great variety of materials.*
- Or, a systems developer might say: *Understanding the ways in which a database or program will be used, and what the users must accomplish and then developing a system to meet their needs, often with limited time and resources.*

Exceptional attention to detail and ability to organize activities to accomplish objectives in a timely and cost effective manner

Considerable knowledge of federal and state rules, regulations and procedures.

Working knowledge of the basic laws of economics, marketing, and/or land use principles

Working knowledge of the methodology of statistical data gathering, compilation and

evaluation.

Ability to Interpret plans and use online mapping programs

Ability to communicate in multiple written formats such as technical writing (e.g. contracts) and email correspondence.

Ability to establish and maintain effective work relationships.

7. Accountability

This section evaluates the job's expected results. In weighing the importance of results, consideration should be given to responsibility for the safety and well-being of people, protection of confidential information and protection of resources.

What is needed here is information not already presented about the job's scope of responsibility. What is the job's most significant influence upon the organization, or in what way does the job contribute to the organization's mission?

Provide annualized dollar figures if it makes sense to do so, explaining what the amount(s) represent.

For example:

- A social worker might respond: *To promote permanence for children through coordination and delivery of services;*
- A financial officer might state: *Overseeing preparation and ongoing management of division budget: \$2M Operating/Personal Services, \$1.5M Federal Grants.*

Ensures effective delivery of Agency programs through database management, grants and contracts support, and administrative services.

8. Working Conditions

The intent of this question is to describe any adverse conditions that are routine and expected in your job. It is not to identify special situations such as overcrowded conditions or understaffing.

- a) What significant mental stress are you exposed to? All jobs contain some amount of stress. If your job stands out as having a significant degree of mental or emotional pressure or tension associated with it, this should be described.

Type	How Much of the Time?
Multitasking and deadline management	50 %

- b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: **hazards** include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes, toxic waste, contaminated materials, vehicle accident, disease, cuts, falls, etc.; and **discomfort** includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	How Much of the Time?

- c) What weights do you lift; how much do they weigh and how much time per day/week do you spend lifting?

Type	How Heavy?	How Much of the Time?

- d) What working positions (sitting, standing, bending, reaching) or types of effort (hiking, walking, driving) are required?

Type	How Much of the Time?
Sitting, Walking, Standing	75%

Additional Information:

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

--

Employee's Signature (required): _____ Date: _____

Supervisor's Section:

Carefully review this completed job description, but **do not** alter or eliminate any portion of the original response. Please answer the questions listed below.

1. What do you consider the most important duties of this job and why?

The most important duties of this job pertain to customer service, data management, and policy adherence. Management of the Grants Management System to ensure grants and contracts are developed, tracked, and executed properly will be important role for this position. Additionally, the position will interface with grantees and contractors, providing information regarding their project and strong, clear communication skills will be most important in this role. Understanding of relevant policy and procedures as well as in-depth analysis of program needs will be important to ensure all agreements are properly executed.

2. What do you consider the most important knowledge, skills, and abilities of an employee in this job (not necessarily the qualifications of the present employee) and why?

Strong commitment to internal and external customer service. Excellent attention to detail, organizational skills and ability to multi-task. Experience in working with food and farm businesses, understanding marketing principles, and collaboratively managing relationships within a network of agricultural producers, state and federal agencies, nonprofit partners, funders, and service providers is desired. Communication, data collection and analysis experience.

3. Comment on the accuracy and completeness of the responses by the employee. List below any missing items and/or differences where appropriate.

N/A

4. Suggested Title and/or Pay Grade:

Program Technician II PG 20

Supervisor's Signature (required):

[Handwritten Signature]

Date: 10/19/16

Personnel Administrator's Section:

Please complete any missing information on the front page of this form before submitting it for review.

Are there other changes to this position, for example: Change of supervisor, GUC, work station?

☐ Yes ☒ No If yes, please provide detailed information.

Attachments:

☒ Organizational charts are required and must indicate where the position reports.

☐ Draft job specification is required for proposed new job classes.

Will this change affect other positions within the organization? If so, describe how, (for example, have duties been shifted within the unit requiring review of other positions; or are there other issues relevant to the classification review process).

Suggested Title and/or Pay Grade:

Personnel Administrator's Signature (required):

Jane Moti ca

Date:

10/19/16

Appointing Authority's Section:

Please review this completed job description but do not alter or eliminate any of the entries. Add any clarifying information and/or additional comments (if necessary) in the space below.

Suggested Title and/or Pay Grade:

John H. LaClair

Appointing Authority or Authorized Representative Signature (required)

10/19/16

Date

VERMONT DEPARTMENT OF PERSONNEL
Request for Classification Review
Position Description Form A

- **This form is to be used by managers and supervisors to request classification of a position (filled or vacant) when the duties have changed, and by managers and supervisors to request the creation of a new job class/title (for a filled, vacant, or new position), and by employees to request classification of their position.**
- This form was designed in Microsoft Word to download and complete on your computer. This is a form-protected document, so information can only be entered in the shaded ☐ areas of the form.
- If you prefer to fill out a hard copy of the form, contact your Personnel Officer.
- To move from field to field use your mouse, the arrow keys or press Tab. Each form field has a limited number of characters. Use your mouse or the spacebar to mark and unmark a checkbox.
- Where additional space is needed to respond to a question, you might need to attach a separate page, and number the responses to correspond with the numbers of the questions on the form. Please contact your Personnel Officer if you have difficulty completing the form.
- The form must be complete, including required attachments and signatures or it will be returned to the department's personnel office. All sections of this form are required to be completed unless otherwise stated.

INSTRUCTIONS: Tell us about the job. The information you provide will be used to evaluate the position. It will not be used in any way to evaluate an employee's performance or qualifications.

Answer the questions carefully. The information you give will help ensure that the position is fairly evaluated. Here are some suggestions to consider in completing this questionnaire:

- Tell the **facts** about what an employee in this position is actually expected to do.
- Give **specific examples** to make it clear.
- Write in a way so a person unfamiliar with the job will be able to understand it.
- Describe the **job as it is now**, not the way it was or will become.
- Before answering each question, read it carefully.

To Submit this Request for Classification Review: If this is a filled position, the employee must sign the original* and forward to the supervisor for the supervisor's review and signature. The Personnel Officer and the Appointing Authority must also review and sign this request before it is considered complete. The effective date of review is the beginning of the first pay period following the date the complete Request for Classification Review is date stamped by the Classification Division of the Department of Personnel.

*An employee may choose to sign the form, make a copy, submit original to supervisor as noted above, while concurrently sending the copy to the Classification Division, 144 State Street, Montpelier, with a cover note indicating that the employee has submitted the original to the supervisor and is submitting the copy as a **Concurrent filing**.

If this is a request (initiated by employees, VSEA, or management) for review of all positions in a class/title please contact the appropriate Classification Analyst or the Classification Manager to discuss the request prior to submitting.

**Request for Classification Review
Position Description Form A**

For Department of Personnel Use Only

Notice of Action # _____					Date Received (Stamp) _____	
Action Taken: _____						
New Job Title _____						
Current Class Code _____			New Class Code _____			
Current Pay Grade _____			New Pay Grade _____			
Current Mgt Level _____		B/U _____	OT Cat _____	FEQ Cat _____	FLSA _____	
New Mgt Level _____		B/U _____	OT Cat _____	FEQ Cat _____	FLSA _____	
Classification Analyst _____			Date _____		Effective Date: _____	
Comments: _____						
Date Processed: _____						
Willis Rating/Components: _____		Knowledge & Skills: _____		Mental Demands: _____		Accountability: _____
		Working Conditions: _____		Total: _____		

Incumbent Information:

Employee Name: Employee Number:

Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title, and Phone Number:

How should the notification to the employee be sent: ☐ employee's work location ☐ or ☐ other address, please provide mailing address:

New Position/Vacant Position Information:

New Position Authorization: ☐ Request Job/Class Title:

Position Type: ☐ Permanent or ☒ Limited / Funding Source: ☐ Core, ☐ Partnership, or ☐ Sponsored

Vacant Position Number: Current Job/Class Title:

Agency/Department/Unit: Work Station: Zip Code:

Supervisor's Name, Title and Phone Number:

Type of Request:

☒ **Management:** A management request to review the classification of an existing position, class, or create a new job class.

☐ **Employee:** An employee's request to review the classification of his/her current position.

1. Job Duties

This is the **most critical** part of the form. Describe the activities and duties required in your job, **noting changes (new duties, duties no longer required, etc.) since the last review**. Place them in order of importance, beginning with the single most important activity or responsibility required in your job. The importance of the duties and expected end results should be clear, including the tolerance that may be permitted for error. Describe each job duty or activity as follows:

- **What it is:** The nature of the activity.
- **How you do it:** The steps you go through to perform the activity. Be specific so the reader can understand the steps.
- **Why it is done:** What you are attempting to accomplish and the end result of the activity.

For example a Tax Examiner might respond as follows: **(What)** Audits tax returns and/or taxpayer records. **(How)** By developing investigation strategy; reviewing materials submitted; when appropriate interviewing people, other than the taxpayer, who have information about the taxpayer's business or residency. **(Why)** To determine actual tax liabilities.

This is the first level of five in the Systems Developer series. The position is primarily responsible for analysis, design, implementation and maintenance of new or existing software applications within a State of Vermont organization. This level is an entry level Systems Developer position.

1. What: Builds and maintains software solutions.

How: Analyzes, designs, develops and tests quality software solutions that fulfill the business needs of stakeholders. Applies proven programming techniques that improve efficiency and maintainability of code. Employs proven communication, analytical, and problem-solving skills to make good programming decisions. Proactively works toward keeping up with technology and development best practices. Reads and understands requirements documentation. Asks questions for clarification.

Why: To ensure the success of staff, projects and processes within the organization.

2. What: Produces useful, readable, and complete documentation including user manuals, implementation guides and other technical documents.

How: Organizes and presents relevant information in a format that is concise and consistent with current documentation standards.

Why: To ensure the proper use, understanding and maintenance of a process or tool.

3. What: Works to maintain the security of systems and data.

How: Actively ensures systems are performing as needed, that there is a disaster recovery plan for data and code, and that there are security measures appropriate to the data contained within the systems.

Why: To protect systems and data from malicious or unintentional misuse.

4. What: Serve as a member of a project team.

How: When working in the context of an official project, support the assigned project manager in achieving project goals. Communicate ideas, obstacles, work completed and work remaining so that progress is transparent.

Why: To ensure that projects are successfully meeting requirements.

2. Key Contacts

This question deals with the personal contacts and interactions that occur in this job. Provide brief typical examples indicating your primary contacts (not an exhaustive or all-inclusive list of contacts) other than those persons to whom you report or who report to you. If you work as part of a team, or if your primary contacts are with other agencies or groups outside State government describe those interactions, and what your role is. For example: you may *collaborate, monitor, guide, or facilitate change*.

Agency Project Managers and Business Analysts - Works with project team members to obtain and receive clarification on requirements documentation.

Agency Stakeholders - Works with system stakeholders and users to identify issues and optimize system efficiency.

Other state agencies and colleagues - Collaboration and information exchange.

Vendors - Interacts with vendors as needed to support system evaluation and maintenance.

3. Are there licensing, registration, or certification requirements; or special or unusual skills necessary to perform this job?

Include any special licenses, registrations, certifications, skills; (such as counseling, engineering, computer programming, graphic design, strategic planning, keyboarding) including skills with specific equipment, tools, technology, etc. (such as mainframe computers, power tools, trucks, road equipment, specific software packages). Be specific, if you must be able to drive a commercial vehicle, or must know Visual Basic, indicate so.

Working knowledge of software development platforms, computer programming languages, software frameworks, and design patterns. Specific languages may include, but not be limited to C#, Visual Basic, HTML, CSS, Javascript. Frameworks may include .NET, JQuery, MVC, and Bootstrap.

Excellent listening, interpersonal, written, and oral communication skills.

4. Do you supervise?

In this question "supervise" means if you direct the work of others where you are held **directly** responsible for assigning work; performance ratings; training; reward and discipline or effectively recommend such action; and other personnel matters. List the names, titles, and position numbers of the classified employees reporting to you:

No, this position may not supervise.

5. In what way does your supervisor provide you with work assignments and review your work?

This question deals with how you are supervised. Explain how you receive work assignments, how priorities are determined, and how your work is reviewed. There are a wide variety of ways a job can be supervised, so there may not be just one answer to this question. For example, some aspects of your work may be reviewed on a regular basis and in others you may operate within general guidelines with much independence in determining how you accomplish tasks.

Work assignments come from supervisors or Project Managers, in the form of requirements documentation or task descriptions. Specific direction is given. The Systems Developer I is expected to be able to design and implement solutions based on existing specifications and supplied requirements documentation, with assistance and guidance from a supervisor and

more experienced team members. Solutions are tested by the Supervisor or another Developer before release to test or production environments.

6. Mental Effort

This section addresses the mental demands associated with this job. Describe the most mentally challenging part of your job or the most difficult typical problems you are expected to solve. Be sure to give a specific response and describe the situation(s) by example.

- For example, a purchasing clerk might respond: *In pricing purchase orders, I frequently must find the cost of materials not listed in the pricing guides. This involves locating vendors or other sources of pricing information for a great variety of materials.*
- Or, a systems developer might say: *Understanding the ways in which a database or program will be used, and what the users must accomplish and then developing a system to meet their needs, often with limited time and resources.*

The design, implementation and maintenance of software solutions requires careful planning and constant attention to detail. Software must be built in a manner that is maintainable, reusable, and follows best practices for design patterns and naming conventions. If these details are not considered, the results will include excessive defects and costly rework of programming architecture and code.

7. Accountability

This section evaluates the job's expected results. In weighing the importance of results, consideration should be given to responsibility for the safety and well-being of people, protection of confidential information and protection of resources.

What is needed here is information not already presented about the job's scope of responsibility. What is the job's most significant influence upon the organization, or in what way does the job contribute to the organization's mission?

Provide annualized dollar figures if it makes sense to do so, explaining what the amount(s) represent.

For example:

- A social worker might respond: *To promote permanence for children through coordination and delivery of services;*
- A financial officer might state: *Overseeing preparation and ongoing management of division budget: \$2M Operating/Personal Services, \$1.5M Federal Grants.*

To ensure that a developed solution meets all functional and non functional requirements. To ensure the usability, security, scalability, and maintainability of a developed solution. Without these attributes, a solution will be short lived and require excessive maintenance along with costly rework.

8. Working Conditions

The intent of this question is to describe any adverse conditions that are routine and expected in your job. It is not to identify special situations such as overcrowded conditions or understaffing.

- a) What significant mental stress are you exposed to? All jobs contain some amount of stress. If your job stands out as having a significant degree of mental or emotional pressure or tension associated with it, this should be described.

Type	How Much of the Time?
Stress related to project deadlines	50%

- b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: hazards include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes, toxic waste, contaminated materials, vehicle accident, disease, cuts, falls, etc.; and discomfort includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	How Much of the Time?
potential repetitive stress injuries	90%
eye strain	90%

- c) What weights do you lift; how much do they weigh and how much time per day/week do you spend lifting?

Type	How Heavy?	How Much of the Time?

- d) What working positions (sitting, standing, bending, reaching) or types of effort (hiking, walking, driving) are required?

Type	How Much of the Time?
sitting	75%

Additional Information:

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

--

Employee's Signature (required):

N/A

Date:

Supervisor's Section:

Carefully review this completed job description, but do not alter or eliminate any portion of the original response. Please answer the questions listed below.

1. What do you consider the most important duties of this job and why?

The most important duty of this job is to write software that is well optimized, well documented, and makes use of industry standards and best practices. There are many potential solutions to any software development task, including existing code for other applications. It is important that the possible solutions be vetted for efficiency, accuracy, likelihood of reuse, and ease of maintenance. Once a solution is chosen, it must be well documented so that another developer may be able to maintain or modify the solution with minimal effort.

2. What do you consider the most important knowledge, skills, and abilities of an employee in this job (not necessarily the qualifications of the present employee) and why?

The most important skills are an understanding of many development tools and an ability to problem solve using a wide range of methodologies. A developer must be willing to take the time to research new and existing technology and seek out best practices so that the software produced will be stable, efficient, easily maintained, and reusable in a similar scenario.

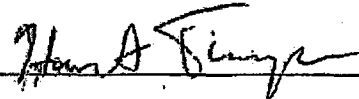
3. Comment on the accuracy and completeness of the responses by the employee. List below any missing items and/or differences where appropriate.

N/A

4. Suggested Title and/or Pay Grade:

Systems Developer I (PG 22)

Supervisor's Signature (required):



Date: 10/19/16

Personnel Administrator's Section:

Please complete any missing information on the front page of this form before submitting it for review.

Are there other changes to this position, for example: Change of supervisor, GUC, work station?

☐ Yes ☐ No If yes, please provide detailed information.

Attachments:

- ☒ Organizational charts are required and must indicate where the position reports.
☐ Draft job specification is required for proposed new job classes.

Will this change affect other positions within the organization? If so, describe how, (for example, have duties been shifted within the unit requiring review of other positions; or are there other issues relevant to the classification review process).

Suggested Title and/or Pay Grade:

Personnel Administrator's Signature (required):

Jane Modica

Date:

10/14/16

Appointing Authority's Section:

Please review this completed job description but do not alter or eliminate any of the entries. Add any clarifying information and/or additional comments (if necessary) in the space below.

Suggested Title and/or Pay Grade:

System Developer Pay grade 22

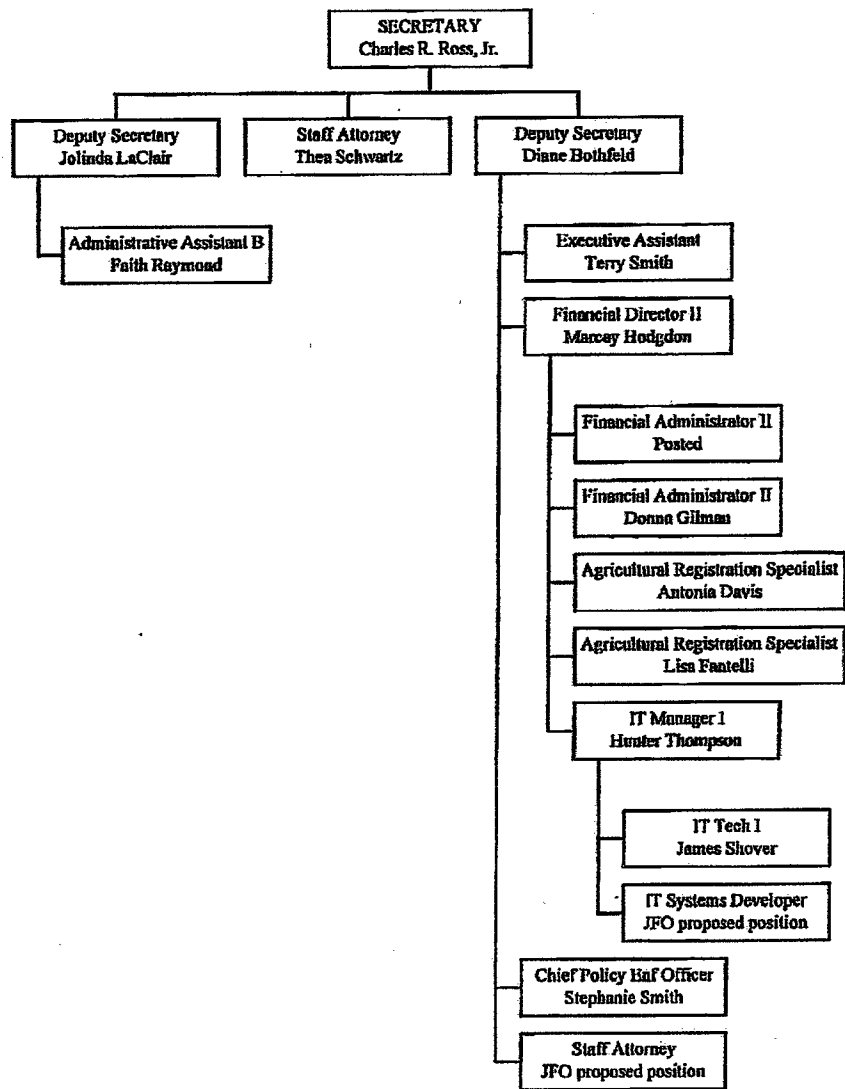
Deanne Battista

Appointing Authority or Authorized Representative Signature (required)

Date

10/18/16

ADMINISTRATIVE DIVISION



Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • 802) 828-2295 • Fax: 802) 828-2483

MEMORANDUM

To: Senator Jane Kitchel, Chair,
Representative Janet Ancel, Vice Chair,
Members of the Joint Fiscal Committee

From: Stephen Klein, Chief Fiscal Officer

Date: November 9, 2016

Subject: November 2016 – Fiscal Officers' Report

What follows is an update of recent developments, some of which will be on the agenda for the November 14 meeting of the Joint Fiscal Committee.

1. FY2017 Revenues to Date

The first four months of revenues show the General Fund on target and the other funds are slightly below targets:

- The General Fund is up \$1.3 million or 0.3% over target;
- The Transportation Fund is off \$2.9 million from forecasts, or down 3.1% from the target; and
- The Education Fund is down \$1.2 million, or 1.8% off the target.

The General Fund continues to see personal income withholding payments lag targets while payments of estimated income taxes and paid returns are exceeding targets. Sales tax is 1.6% under target while meals and rooms tax receipts are 4.4% above target. Together these provide mixed indicators of current economic strength. Corporate tax revenue continues to be short of target, and we may see some additional refunding in November. The property transfer tax and the estate tax are still slightly ahead of forecast.

The Transportation Fund reflects weakness in the purchase and use tax receipts and DMV fees. With four months' experience, it is still early to identify any trend.

The Education Fund nonproperty tax revenues are impacted by the weakness in sales and purchase and use taxes.

The calculation of the rate for the education property tax rate is under way. While there is money on the bottom line of the Fund, preliminary indications indicate that there may be a small rate increase both with nonresidential and residential property tax. The numbers are scheduled to be released in December.

2. Medicaid Trending

Overall, Medicaid spending is trending just below current estimates through the first four months of the year. Through 10/28/16 we are running \$14–\$24 million or 1.3–2.4% below projected costs on an all funds basis. Legislative and Executive Branch staff are working on projecting updated caseload and expenditure for the remainder of this year and for FY 2018. While the redetermination process is almost complete, the data around reenrollment from cases that have not closed as a result of nonresponse remain a challenge in this process. The under-expenditure to date is against the budget that was revised in the rescission adopted in July that lowered the base trend. Additional reduction may be indicated as the impacts of redetermination continue to be understood. Any State fund impacts will depend on where savings occur by group because the match rate for childless new adults and SCHIP kids is enhanced.

3. The Global Commitment Waiver, the APM, and the ACO

The Global Commitment Waiver has been finalized and the financial impact is currently under review. Initial projections indicate an FY 2017 and FY 2018 impact of \$5 million and \$6.2 million in added State fund costs. The terms of the waiver will be discussed more fully at the meeting.

With the approval of the All-Payer Model (APM), the new Accountable Care Organization (ACO) contract negotiations are under way between DVHA and the ACO. The short-term fiscal impacts are not clear at this point.

4. FY 2018 Budget Development

The Administration has been continuing its budget development process and will be presenting a preliminary draft budget proposal to the incoming transition team in November. The FY 2018 Baseline Budget Picture currently projects expenses over available revenue, creating a \$50–\$70 million gap to close. Federal FMAP reimbursement rate changes and other reductions in federal receipts were a large part of the change from September. This does not take into account potential shifts in Medicaid costs or changes in revenues which may or may not offset some of this need.

5. LIHEAP Funding

The Joint Fiscal Office received information from the Department for Children and Families regarding the projected LIHEAP benefit for the current heating season, FY 2016/2017. Total program funding of \$23,664,396 includes current year federal funds, federal carry forward, State funds from a fund swap of federal for State funds with the weatherization program, and \$1,037,000 in unused State funds from the prior year.

There are two significant things to note regarding the source of funding. First, the Administration is not using the \$1,200,000 that was included in Sec. B. 1107(b)(2)(B) of Act 172. That amount will be available for the budget adjustment process. The second significant thing to note is that \$2,800,000 of the Federal LIHEAP block grant was swapped with the same amount of State Home Weatherization funds in order to secure

State funds to support LIHEAP clients with incomes over 150% of the Federal Poverty Guidelines and to augment the allowable federal funds for program administration.

The projected average fuel oil benefit the Administration has decided to provide is \$865 for the current heating season which compares to \$699 from the prior year. This represents purchasing power of 54% of a client's seasonal fuel liability this year compared to 43% last year. This higher benefit is made possible within existing funding as the caseload is lower than last year and the average cost of fuel is the same as last heating season at \$2.11 per gallon of fuel oil.

7. JFO-related Activities

a) Personnel Changes: There have been several small personnel changes as we prepare for the upcoming session:

1. Joyce Manchester is going on 80% time for the remainder of this fiscal year and is projected to be on 80% time in FY 2018. She has been asked to carry out some research work for the Social Security Administration and they are picking up the 20% time we do not cover. The project will focus on how health care utilization for people on the Social Security Disability Insurance (SSDI) program differs by state as to what kinds of medical challenges people on SSDI face. The project grew out of an issue brief she did for JFO last year.

We expect the project will produce information that is useful to Vermont. Analysis of Medicare claims data will reveal the share of physician visits, outpatient visits, and hospital stays for diagnoses in major impairment groups for Vermont relative to other states. Mental impairments and musculoskeletal impairments tend to be the top two reasons for SSDI eligibility and will be a focus of the work.

2. As you know, Deb Brighton has indicated her desire to retire in the next two years. We have hired Chloe Wexler as a seven-month limited service employee. Chloe been working with us on the Tax Study to learn from Deb and get familiarized with the Education modeling that Deb Brighton does. We are hopeful that she can provide the analytical backup that Mark Perrault depends on as Deb winds down her consultancy. Deb will spend considerable time training Chloe on the model and related analysis.

In a sense we are trying to grow our own expertise in Education Finance. Deb Brighton's analytical expertise is unique and hard to replace, but Deb and we are hopeful that this will lead to a possible transition.

3. Dan Dickerson has been notified of a potential call up of the Vermont Air Guard from December through March. If this occurs, we will need to replace him on a temporary basis for the Fee bill and fiscal note production.

b) The JFO Health Care Exchange Study: The Joint Fiscal Office has been working with the Strategic Solutions Group (SSG) of Needham, Mass. to carry out the analysis of Vermont Health Connect. <http://ssg-llc.com/> SSG is scheduled to report in late December. The report is in the writing stage and appears to be on track for completion in a manner consistent with the statutory time allotted.

c) *The Tax Study*: The 10-year tax study work is under way with a number of people working on different components. A tax preparer was hired to calculate income taxes for 12 hypothetical taxpayers in all 50 states and DC. That work is done but we are checking it for accuracy. Tom Kavet is preparing the cross-border analysis, and the Department of Taxes has examined income tax mobility issues. We will be using Bryan Pfeiffer as an editor as we work toward completion of this project. He was the editor on past versions of the study.

d) *New Fiscal Briefs*: Since the last meeting we have posted several new issues and fiscal briefs: The first is: "The Taxation of Social Security Benefits" prepared by Sara Teachout; http://www.leg.state.vt.us/jfo/issue_briefs_and_memos/2016-10%20Social%20Security%20Benefits.pdf This was done in response to considerable legislative interest in the issue which has come up due to questions raised this Fall.

The second is "All-Payer Model – Potential Benefits, Risks and Outstanding Questions" http://www.leg.state.vt.us/jfo/healthcare/APM_summary_sheet.pdf This was done by various staff in response to numerous questions we were receiving on the All-Payer Model.

Finally "Different Measures of Inflation" discusses the uses of various inflation measures. Joyce prepared it and it was released this week, http://www.leg.state.vt.us/jfo/issue_briefs_and_memos/Inflation_Measures_Issue_Brief.pdf

e) *The VEGI Technical Working Group Report*:

The VEGI Technical Working Group report will be completed early and released by the end of the week. The group members: Tom Kavet for the Legislature; Ken Jones from the Agency of Commerce and Community Development; Mathew Barewicz at the Department of Labor; and Rebecca Sameroff from the Department of Taxes addressed four questions specific to the model used to calculate VEGI awards:

1. Is the Cost-Benefit Model being effectively utilized?
2. Whether the inputs to the Cost-Benefit Model should be adjusted for applicants who assert that "but for" the incentive, the scale or timing of the project would change?
3. Whether the Program can integrate the use of business-specific background growth rates in addition to, or in place of, industry-specific background growth rates; and, if industry-specific background growth rates are recommended, a methodology to review, calculate, and set those rates?
4. Whether differential rates in annual average wages or annual average unemployment, defined by labor market area, are appropriate triggers for an incentive enhancement for projects located in, or lower wage threshold for jobs created in, qualifying labor market areas, and whether the margins of error in annual labor market area wage and unemployment rates are within an acceptable range of tolerance for this use.

A second working group at VEPC is addressing policy issues related to the VEGI program.



STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

DATE: October 28, 2016

TO: Members of the Joint Fiscal Committee

FROM: Stephen Klein and Sara Teachout

RE: Review of Vermont Economic Growth Incentives (VEGI) and Recommendations

The Joint Fiscal Office Staff has reviewed the information submitted by Mylan Technologies Inc. to the State in connection with the Vermont Economic Growth Incentive program as requested by the Joint Fiscal Committee (JFC) on September 15, 2016. The JFC expressed concerns arising from press reports that the company will reduce staffing in 2016 after receiving state economic development funds for increasing jobs and payroll. The review was triggered by JFC authorization in accordance with 32 V.S.A. § 5930a(h) to allow the JFO access to the confidential information submitted to the Vermont Economic Progress Council and the Department of Taxes.

After conferring with Legislative Counsel on VEGI confidentiality provisions relating to public disclosure and Joint Fiscal Committee disclosure, we are transmitting this memorandum based on publically available information. The confidentiality requirements in statute make it difficult to share enough information with the Committee in order to answer the questions. If requested, additional information will be provided in executive session at the November Joint Fiscal Committee meeting.

According to VEGI annual reports, Mylan received a VEGI award authorization in 2012 for \$5,733,506 for an award period between 2012 and 2016. The report also indicates that the award status is active and incentives have been earned. In order to earn and receive the incentives authorized, a company must file a report annually in April to the Department of Taxes and demonstrate that it has met the entire award criteria described in the approved application for additional payroll, employment, and capital investments for the previous year. The next report due to the Department of Taxes in April 2017 will confirm the new level of employees and payroll. Until then, it is not possible to verify the actual number of jobs eliminated or know for certain if the jobs for which VEGI incentives were paid are affected by the layoffs. Mylan may have hired more employees than those for which incentive payments were received, in which case the layoffs may not affect the award payments.

The incentive payments are made over a five-year period to ensure that the increases are maintained; therefore, Mylan could potentially receive incentive payments through 2021. If the company does not meet the targets or subsequently reduces payroll and staffing for which targets were paid, no additional installment payments are allowed and recapture of previous awards is possible. Recapture for companies that downsize the base or original number of jobs is not triggered until there is a 90% or greater drop in employment during the utilization period.¹ Additional provisions allow for a grace period for companies that were unable to meet the targets during the original award period.

Public reports indicate that the expanded transdermal patch manufacturing facility was completed in 2013² and Mylan had 600 employees in St. Albans prior to the reported reductions in 2016. The 10% staff reduction could eliminate an estimated 60 jobs in Vermont.³

Recommendations for further legislative consideration:

- The confidentiality provisions severely limit the ability of the Legislature and the public to have meaningful oversight of the VEGI program. Revising them to allow for additional information might be considered.
- The recapture provision that is not triggered until a 90% or greater drop in employment could warrant some revision.

¹ 32 V.S.A. § 3339(A)

² <http://www.sameessenger.com/mylan-completes-expansion/>

³ <http://www.fiercepharma.com/manufacturing/mylan-cutting-jobs-at-patch-plant>

From: Kenney, Fred [mailto:Fred.Kenney@vermont.gov]
Sent: Monday, October 17, 2016 12:40 PM
To: Stephen Klein
Cc: Sara Teachout
Subject: VEGI Performance Requirements
Importance: High

Steve:

As I mentioned on the phone, the VEGI Performance Requirement provisions in 32 VSA are key to this discussion. By design, the recapture provisions are rarely used because they are rarely needed. They come into play only if:

- 1) A company goes all five years meeting its performance requirements (**including maintaining their base**) by meeting the payroll and headcount performance requirements BUT does not meet the total capex performance requirement. In this situation a recapture COULD occur if there is not enough remaining incentive installments to cover the shortfall in capex investments. See VSA 5930b(c)(10).
- 2) A company experiences a 90% or greater reduction in base employment (i.e. leaves VT or has a massive layoff). This recapture allows for a FULL RECAPTURE of all incentives paid. Incentives authorized and paid to eight companies in the program were fully recaptured due to this provision.

However, more often, incentives are forfeited and terminated based on failure to maintain base or meet or maintain Performance Requirements. The program was purposefully designed this way to avoid recapture and instead stop the incentives if performance requirements (including maintenance of the base) are not met or maintained. Once again, please look at the annual report: VEPC and Tax have taken the steps required by statute to terminate incentives for 33 of the 96 approved companies either because of failure to meet or maintain performance requirements (including maintenance of base) or failure to file a claim (which likely means PRs were not met).

The key provisions laying out the Performance Requirements are in VSA 32 5930b(c) 6-11. But the requirement to maintain base payroll and headcount is in 32 VSA 5930b(a)(21), the definition of "qualifying payroll." This provision requires that the base be maintained.

The requirement to maintain the base is emphasized throughout the application and claim process. For example:

- See the last paragraph of the program summary [one-pager](http://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/ProgramSummary.pdf):
<http://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/ProgramSummary.pdf>
- See the 8th point in the [FAQs](http://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/QuickProgramFacts.pdf):
<http://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/QuickProgramFacts.pdf>
- And, of course, the info sheet on [Annual Performance Requirements](http://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/AnnualPerformanceRequirements.pdf):
<http://accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/AnnualPerformanceRequirements.pdf>

I have included below the description I sent to you on Sept 20 regarding how the base is verified during the application process. That ensures that Tax has a verified base to start with.

You may recall that the entire VEGI statute was re-written in Act 157 last session. This re-write, which goes into effect January 1, 2017, makes the base maintenance requirement even clearer. See the amendment in Section H1 which becomes 32 VSA chapter 105, Subchapter 2, Section 3337(a)(1)(A):

Act 157

§ 3337. EARNING AN INCENTIVE

(a) Earning an incentive; installment payments.

(1) A business with an approved application earns the incentive specified for an award year if, within the applicable time period provided in this section, the business:

(A) maintains or exceeds its base payroll and base employment;

(B) meets or exceeds the payroll performance requirement specified for the award year;

and

(C) meets or exceeds the jobs performance requirement specified for the award year, or the capital investment performance requirement specified for the award year, or both.

(2) A business that earns an incentive specified for an award year is eligible to receive an installment payment for the year in which it earns the incentive and for each of the next four years in which the business:

(A) maintains or exceeds its base payroll and base employment;

(B) maintains or exceeds the payroll performance requirement specified for the award year; and

(C) if the business earns an incentive by meeting or exceeding the jobs performance target specified for the award year, maintains or exceeds the jobs performance requirement specified for the award year.

Fred Kenney | Executive Director

Vermont Economic Progress Council

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VEGI PROGRAM

FAQs REGARDING ACQUISITIONS AND LAYOFFS

Q. If a company that has been authorized to earn VEGI incentives is sold to, or acquired by, another entity, are the incentives automatically forfeited, terminated or recaptured?

A. No. There is no provision in statute requiring the forfeiture, termination, or recapture of VEGI incentives based on the ownership status of a company that was authorized to earn VEGI incentives. However, recognizing that reviewing authorized incentives following an acquisition would be prudent administrative procedure, VEPC implemented such a process even before the VEGI program started. Authorized companies are informed upon approval that the incentives do not automatically transfer to an acquiring entity following a transaction. If a company authorized for VEGI incentives is acquired during the authorization period (the period during which incentives are earned and paid out) they must notify VEPC of the acquisition and provide specific information, including the type of transaction, the status of the authorized entity, and the intention of the acquiring or resulting entity regarding the economic activity for which the incentives were approved. Most acquisitions have no impact on the authorized entity or the expected economic activity in Vermont. The VEPC Board reviews the information and either affirms the continuation of the incentives or takes appropriate action to terminate the incentives. Even if the incentives are affirmed and continued, the company must still meet and maintain annual performance requirements to continue to earn and/or be paid the remaining incentives.

Q. What if the acquiring company changes their plans and closes the operation or there is a layoff?

A. A change in ownership usually has no effect on the incentive. However, if the company fails to maintain base or meet and maintain performance requirements during the earning period, regardless of ownership, the incentives for the year in which performance requirements are not met or maintained will be terminated (see 32 VSA §5930b(c)). If the layoff or closure occurs after the incentives have been earned, but before all the incentive installments are paid, the remaining installments can still be terminated under 32 VSA §5930b(c). If required by the severity of the layoff, a recapture can occur under 32 VSA §5930b(d). If the closure or layoff occurs after the final incentive installment payment has been made (usually four years after the final annual performance measures are met), there is no recapture.

Q. If a company lays off employees during the period incentives are to be earned, are incentives recaptured?

A. Probably not. Recapture is a statutorily required under certain circumstances (see below), but the VEGI program is purposefully designed to avoid recapture. Instead, a system of strict

performance requirements is used. No incentives are paid to a company when they are approved. The authorization only approves a company to earn an annual incentive amount based on annual performance requirements. No portion of the incentive is earned by partially meeting performance requirements. They have to be fully met and only if and when they are, can the earned incentive begin to be paid out over five annual installments. Trailing installments are terminated if the base and performance requirements are not maintained.

Q. What are the VEGI performance requirements?

A. The new qualifying payroll, new qualifying jobs, and new qualifying capital investments projected by the applicant in their Final VEGI Application set the performance requirements. Each year, the company must meet the new qualifying payroll and either the new qualifying headcount or new qualifying capital investment performance requirements. Additionally, the base payroll and headcount must be maintained. This is key to considering the new payroll and jobs incremental and therefore qualifying. Additionally, the performance requirements must be maintained to receive the trailing incentive installments.

Q. How is the base employment and payroll determined?

A. As mentioned above, an applicant's Final Application must project new qualifying jobs, payroll and, if applicable, capital investments. In addition to the projections in the application, the company must complete a detailed base employment workbook that lists every individual employee by name, last four digits of the social security number, position, date of employment, status (full-time, part-time, owner, etc.) and pay level. That data is used by VEPC to verify the base headcount and payroll the applicant entered in their application. As part of the Final Application due diligence, the Tax Department verifies the detailed workbook data against existing payroll withholding records. If all three – payroll records, application data, and workbook details – don't square up, the applicant must correct their application. Then, every year a claim is filed, an updated detailed base employment workbook is filed with their VEGI claim and examined by Tax to verify that the base employment and payroll were maintained, in addition to checking a similar workbook verifying the new qualifying jobs and payroll added each year.

Q. Under what circumstances can the VEGI incentives that have been paid out be recaptured?

A. If a company reduces base employment by 90%, all incentives paid are recaptured and any unearned incentives are terminated (32 VSA §5930b(d)). Also, a company can earn incentives by maintaining base payroll and headcount and meeting annual payroll and headcount performance requirements, but not meeting the total capital investment performance requirement. If this occurs, the total incentive is reduced by the same ratio that the capital investments fell short. If the trailing incentive installments are not sufficient to cover the incentive reduction, a recapture occurs (32 VSA §5930b(c)).

Q. What if an incentive is earned and then there is a layoff?

A. If a layoff occurs during the period that incentives are being earned, the performance requirement process is followed. If the layoff impacts the company's ability to maintain base employment and payroll, meet the performance requirements for the year in which the layoff occurred, or impact the company's ability to maintain performance requirements, Tax will take action in accordance with statute (32 VSA §5930b(c)) to terminate the company's ability to earn incentives for that year, any subsequent year incentives, and/or any remaining incentive installments. If a layoff occurs after all incentives have been earned but before all incentive installments have been paid, the same review occurs and if the base or performance requirements are not maintained, remaining incentive installments are forfeited.

Q. Is it possible for a company to continue to earn and be paid incentives following a layoff?

A. Yes. If a company has exceeded performance requirements while earning the incentives, a layoff may not impact the company's ability to meet and/or maintain those performance requirements. Using a simplified example: A company has a base payroll of \$1,750,000 and 50 jobs. The company is required to maintain the base payroll and jobs and create \$1 million in new qualifying payroll and create 30 qualifying jobs over three years to earn the incentive. The company maintains the base payroll and jobs and creates 40 new jobs and \$1,350,000 in new payroll. A year later, the company loses a contract and lays off 5 employees and reduces payroll by \$175,000. The base and performance measures have been maintained. No incentive termination or recapture would occur.

Q. Have any companies had incentives terminated or recaptured?

A. Yes. As illustrated on Page 7 and detailed on Page 15 of the [2016 VEGI Annual Report](#), through the end of 2015, **38 companies** (of 96 authorized) have had incentives terminated or recaptured. Of these, nineteen failed to meet or maintain performance measures within the required time period, of which nine earned and were paid some incentives for the years they did meet and maintain performance measures, and ten earned no incentives. Another five companies closed, four of which had earned and been paid incentives which were all recaptured, and one that had not earned any incentives. Finally, fourteen companies were terminated due to failure to file a VEGI claim, which can be indicative of the project not occurring or performance measures not being met. No incentives were earned or paid to these companies.

Note: All statutory references above are valid through December 31, 2016. Starting January 1, 2017, the VEGI program, as amended by Act 157 of 2016 will be contained in 32 VSA, Chapter 105, Subchapter 2.

Global Commitment to Health Medicaid Waiver Renewal: November 14, 2016

Summary: The Agency of Human Services received approval on October 24, 2016 from the federal government to continue the Global Commitment to Health Medicaid Waiver. The waiver term is 5 years, starting 1/1/2017 and ending 12/31/2021. The negotiation focused on three primary goals:

- Continuing current Medicaid coverage of essential services for Vermont's most vulnerable populations.
- Promoting health care reform by ensuring Medicaid participation and alignment with the All-Payer Model by providing Vermont with additional financial capacity to invest in healthcare reform concurrent with the All-Payer Model.
- Continuing flexibility in using Medicaid dollars to invest in health care priorities. Without this authority, these investments would require new general fund appropriations or elimination.

There are several changes that impact how Vermont operates its waiver resulting from federal alignment of Section 1115 waivers across the country and new Medicaid Managed Care rules.

Changes required by CMCS include the following financial Impacts detailed below. This reflects an estimated \$5.0 million GF need in FY17 and \$6.2 million GF need in FY18.

- **MCO Investments -**
 - Vermont must phase down or seek alternative federal fund sources for certain investments. New guardrails and approval process will ensure investment funds are not spent on unallowable items, such as room and board, non-Medicaid school based services, bricks and mortar, Health Information Technology and Health Information Exchange (HIT/HIE), and Institutes for Mental Disease (IMD). The impact of phasing out current investments on unallowable items is estimated to be \$64 million gross over the next 10 years, out of the total Medicaid budget of \$1.6 billion.
 - Alternative investment fund sources include: Substance Use Disorder Demonstration Waiver and Implementation Advanced Planning Document.

- There are new annual caps on investments that include capacity for payment reform and to maintain existing allowable investments. The state currently invests about \$127 million in total funds under this authority.
- The transition starts in FY18 – reflected in an estimated \$600K state fund impact related to HIT.
- **Administrative Match Rate Change** - The administrative match rate will change so that some areas previously eligible for a program match rate of ~54% will now draw federal funds at the administrative match rate of 50%. On the positive side, Vermont will also now be eligible for enhanced match rates such as 75% for Medicaid Management Information Systems (MMIS). The net financial impact is estimated at \$3.4 million GF in FY17 and FY18.
- **Woodside** - based on new 2016 federal guidance which broadens the CMS interpretation of the definition of an “inmate of a public institution,” approximately \$4 million gross of treatment expenditures for youth at Woodside is no longer eligible for Medicaid match. AHS is currently working on options for future funding.

Conclusion: Overall, the benefits of maintaining the core flexibility of our current waiver and aligning the waiver with the All-Payer Model agreement far outweigh any new burden imposed by the waiver. The Global Commitment waiver renewal is a positive step forward for the state by maintaining Vermont’s commitment to covering the most vulnerable Vermonters and ensuring the affordability of health insurance. In addition, Global Commitment remains one of the most flexible waivers in the country, allowing the state to pursue its health care coverage and delivery system reform goals.

Additional Detail:

Managed Care Model- Since 2005, Vermont's Medicaid delivery system has required AHS departments to adhere to federal Medicaid Managed Care rules in exchange for Medicaid Managed Care flexibilities. During Vermont's 2010 negotiations, CMS determined that a unit of state government may not legally be considered a Managed Care Entity and may not be at risk for loss of federal matching funds if Medicaid expenditures were to exceed the annually certified PMPM. In 2016, CMS has further expanded on this determination, in connection to newly promulgated Medicaid managed care rules. The result of this is that Vermont is now considered to have a "Public Managed Care-Like Model" and, with a few exceptions, Vermont must follow Medicaid Managed Care regulatory expectations as if it were a "non-risk pre-paid inpatient health plan (PIHP)".

Substance Use Disorder Demonstration Waiver Amendment- The federal government encouraged AHS to pursue a Substance Use Disorder Demonstration Waiver as an amendment to our Waiver. This closely aligns with Vermont's goals for the SUD continuum of care while formally aligning the state within current federal constructs for this work. AHS staff has already begun this next step.

Investments:

- New annual caps on investments that include capacity for payment reform. As noted in the chart below, the state currently invests about \$127 Million in total funds under this authority.

CY2016	126,882,102
CY2017	142,500,000
CY2018	148,500,000
CY2019	138,500,000
CY2020	136,500,000
CY2021	136,500,000

Vermont Medicaid Capacity for System Transformation

	2017	2018	2019	2020	2021	NEW WAIVER 2022	TOTAL
Advance Consumer Health Engagement	\$ 1,000,000	\$ 5,000,000	\$ 4,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 19,000,000
Advanced Community Care/Case Management	\$3,000,000	\$ 5,000,000	\$5,000,000	\$ 4,000,000	\$ 3,000,000	\$2,000,000	\$22,000,000
Community Primary and Secondary Prevention	\$ 2,000,000	\$ 7,000,000	\$7,000,000	\$ 5,000,000	\$ 3,000,000	\$ 3,000,000	\$27,000,000
Information Infrastructure	\$15,000,000	\$ 9,000,000	\$6,000,000	\$ 4,000,000	\$ 4,000,000	\$4,000,000	\$42,000,000
Community based services- Medicaid Pathway	\$15,000,000	\$ 12,000,000	\$ 10,000,000	\$ 8,000,000	\$ 6,000,000	\$ 4,000,000	\$55,000,000
Quality and PHM Measurement and Improvement	\$ 3,000,000	\$ 8,000,000	\$ 6,000,000	\$ 4,000,000	\$ 2,000,000	\$ 0	\$23,000,000
Socio-Economic Risk and Mitigation	\$2,000,000	\$ 5,000,000	\$5,000,000	\$ 4,000,000	\$ 3,000,000	\$2,000,000	\$21,000,000
Total	\$41,000,000	\$51,000,000	\$43,000,000	\$ 32,000,000	\$ 24,000,000	\$18,000,000	\$209,000,000

- These represent potential expenditures in Medicaid Programs, Administration and Technology. All require some level of state dollars in order to draw down federal match.
- Spending would focus on building AHS, GMCB, community service provider, and ACO capacity for reform.

- Investments that must phase down- Vermont asked for and received adequate time to adjust course and seek alternative funding to mitigate any potential financial impacts, which are more heavily weighted toward the later years of the Waiver. AHS will be working with departments and affected partners to manage these transitions over the next 5 years of the GC Waiver. There is minimal impact in FY18 – only one investment must begin transition. The impact of phasing out current investments on unallowable items is estimated to be \$64 million gross over the next 10 years, out of the total Medicaid budget of \$1.6 billion gross.
- The following chart shows the yearly percentage of allowable spending on the investments that are required to be phased out over time. The percentages note how much of the SFY 2016 amount the state has authority to spend:

	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Vermont Psychiatric Care Hospital, Brattleboro Retreat, Valley Vista, Maple Leaf, Serenity House, and Lund Home (IMD)	100%	100%	100%	100%	Amount to be determined per the phase-down schedule in STC 87
HIT	100%	50%	0%	0%	0%
Non-state plan Related Education Fund Investments, Room and Board, and Physician Training Program not tied to serving in an underserved area	100%	100%	67%	33%	0%

- The first category of investments includes facilities that qualify as an IMD under federal law, which is a facility primarily for mental health or substance use disorder treatment that has over 16 beds for individuals over 21 and under 65. This category constitutes \$34.5 million gross in expenditures for the Vermont State Psychiatric Hospital and mental health payments to Brattleboro Retreat. Because IMDs are not covered in other states, CMCS has required a transition of the funding for these facilities beginning in the final year of this demonstration 2021 and continuing over 6 years. The timeframe allows the state time to plan appropriately for needed capacity, which could include downsizing these existing facilities so they are not over the bed limit, adding capacity elsewhere, or developing new facilities.

- In addition, by seeking a Substance Use Disorder waiver amendment, the state will be able to transition \$9.7 million gross in expenditures for substance use disorder services from investments to an allowable program expense in a budget neutral manner. AHS is begun working on this waiver amendment.
- ~\$.9M federal of investments for HIT/HIE can continue to be matched by changing the source from Investments to an advance planning document (APD) for HIT/HIE. AHS has begun working on this new authority.
- The financial impact in FY18 from the transition of HIT is \$600K state funds.

Other changes:

- CMCS is requiring additional federal approvals and compliance with the new Medicaid Managed Care Rules. These approvals will impact the effective dates for some rate changes and for some program changes, including any new investments over time. Prior to 2010, AHS and DVHA reduced staff related to federal compliance as these activities were not required under the initial GC waiver. The Agency is determining appropriate staff and contract needs in order to comply with the enhanced federal oversight. It's important to note that all other states are required to do these types of compliance activities, so Vermont became an outlier over the course of GC due to the reduced need for compliance staff. Examples of approvals include:
 - Submitting PMPM rates for approval as was previously required prior to 2010. This is required for private Medicaid managed care plans. The PMPM will no longer have a connection to the investment capacity, which has been defined by the amounts listed above.
 - Submitting certain rates for approval to the managed care group at CMCS, which requires a minimum 90-day time period and prior approval before implementation. This will not impact all rate changes.
 - 90-day notice prior to implementation of new investments, including delivery reform investments.

TO: The Joint Fiscal Committee

FROM: Mary Peterson, Commissioner, Department of Taxes

DATE: November 10, 2016

SUBJECT: Annual Report on the Tax Computer System Modernization Fund

The Tax Computer System Modernization Fund (the "Modernization Fund") was created in 2007 to use part of the enhanced revenue gained through the modernization of processes at the Department of Taxes (the "Department") to re-invest in further modernization, including an integrated tax system. Given that the Department is the state agency that collects money, we are in the unique position that modernization efforts give us better collection tools that can directly pay for themselves. Our new integrated tax system allows us to more efficiently reach taxpayers who otherwise would escape their tax liabilities.

The first section in this report provides an update on our integrated tax system, VTax, from our last report in November 2015. We are on schedule in less than one month to successfully launch personal income tax in VTax, which will mean that we have implemented all of the major tax types in less than three years, on time and on budget. The second section outlines considerations for the scope of the final phase of this contract, and possibilities for further phases to extend VTax to other revenue functions, some currently in other agencies. The third section provides an update from last year's November report on the sources of revenue and uses of the Modernization Fund.

Update on VTax Project

As general background, we signed a contract in January 2014 with FAST Enterprises, LLC for an integrated tax system based on their COTS system that is in use in over twenty other states. VTax provides a modern electronic platform to handle all aspects of taxpayer interaction for all tax types. VTax enables the Department: to provide modern customer service, including e-services; to use modern discovery programs to detect tax non-compliance and design optimal outreach and audit initiatives; to produce enhanced accounting and reports; and to ensure the best practices in essential security.

We have an internal project team consisting of "implementation coordinators" from each of our operating divisions who work full time with the twenty-four member on site FAST team. Each of our major phases have involved roughly the same eleven- or twelve-month schedule, starting with design meetings, development, system testing throughout the summer with all of our users, end to end testing and training in the fall, a quiet period for conversion and cutover, and then launch and production support.

Phase 1, Corporate and Business Income Tax, Completed December 2014

Less than one year after the contract signing, we went live with the first phase of VTax, migrating our corporate and business income taxes from the Oracle ETM system. This allowed us to offer online filing of corporate and business income tax for the first time, piggybacking on the IRS Modernized E-File system. We also launched myVTax, an online web portal used by tax preparers and taxpayers to register, file and pay, as well as to communicate securely and keep a record of accounts. For the 2015 tax year we achieved high utilization of our modern platform for these taxes by mandating the online filing of

Corporate Income, Business Income, and Fiduciary Income taxes when prepared by a tax preparer. Tax preparers have collaborated with us on the design of myVTax, which is very flexible in its configuration. We are continuously improving the user experience, and this December will introduce some major new functionality.

*Phase 2, Meals & Rooms, Sales & Use, Withholding and Six Other Tax Types,
Completed November 12, 2015*

Phase 2 was a considerably larger launch, involving conversion of a total of nine taxes from our Advantage Revenue and manual processing systems into VTax. The full list included Meals & Rooms, Sales & Use, Payroll Withholding, Fuel Gross Receipts, Premium Insurance, Captive Insurance, Fiduciary, Bank Franchise and Health Care Claims Taxes. As in Phase 1, all milestones were met on time.

Phase 2 had the most public facing impact, since businesses and practitioners had to be transitioned from our old VTBizFile portal to myVTax to file and pay (as discussed below, personal income tax payers will not use myVTax as frequently). Meals and Rooms and Sales and Use are very high volume, and remitters range from big box retailers to small family restaurants and inns, so our relatively small taxpayer services division was challenged to meet the volume of calls through January and February. The ability to continuously improve myVTax and push out information on our website and through our newsletters helped us smooth out the early high rate of user errors.

Chainbridge Microsimulation Model

FAST also has completed installation and training of a microsimulation model developed by Chainbridge for sales and use and income tax. The Chainbridge model provides a robust analytical tool, and this session JFO will have the ability to directly query proposed tax changes and quickly receive reports aggregating data. The income tax model, originally based on 2011 tax year data, is being updated to 2014 tax year data – and will be updated every other year going forward. The sales tax model is currently based on 2013; it will be updated next year and every five years going forward.

Phase 3, Personal Income Tax

Phase 3 commenced in January, and involves the conversion of individual income tax. Go live is on track for December 7. We are slowly shutting off functions this month in our three major legacy systems – Advantage Revenue, data warehouse, and ETM, and they will be officially mothballed at launch. A very exciting day for us, as the quirks of the two older systems will not be missed. The Department will be in a quiet period on December 1 and 2, as we do the final conversion, and then have a soft launch on the December 5.

There are some significant improvements in myVTax that will be rolled out in this phase, including online filing for Landlord Certificates and Renter Rebate. But for the most part, personal income tax filers will not see a change in their experiences. That is because, for better or worse, for both federal and state filings we have evolved to widespread use of commercial tax preparation services. These packages offer a great deal of convenience for personal income tax filers, and are free for the low income, but as we saw this year in Vermont, poor coding can lead directly to headaches for the filers and loss of revenue for the state. Having personal income tax in VTax gives the Department much more robust real time analytics of filings. Hopefully we will never see errors on the scale of what we experienced, particularly with TurboTax, but we will have surveillance capabilities to catch filings anomalies going forward.

It is worth noting that a critical challenge for the Department since 2010 has been that crucial collection and accounting functions were linked not only to decades old hard coding in Advantage Revenue, but

also the unstable ETM system. With each rollout, we have overhauled business processes, but it is only with the retirement of these three problematic systems that we can complete our business makeover. We have an exciting cross-divisional Strategic Improvement team that is working with our business users to ensure that we capitalize on our new technology. One of their projects is to finalize all the steps that we have been taking around our audit process with the creation of a centralized audit plan; they are also tackling a transparency project designed to leverage our new data with superior internal and external reporting.

Phase 4, Rest of Miscellaneous Taxes, Possible Transfer of DOL Assessment

Phase 4 consists of conversion of the final Miscellaneous taxes. These taxes have very few payers, currently administered largely with manual spreadsheets and any collection activities in the mainframe. We are currently discussing with FAST postponing and compressing the design and development phases that would ordinarily start in January, so that we can focus on production support for Phase 3 in the early months of the personal income tax season.

The Administration is also discussing the possibility of advancing legislation to transfer the employer assessment for health care from the Department of Labor to us. We have discussed including this in Phase 4 with FAST, which likely could be easily accomplished under the current contract.

Another function that the Department would like to consider implementing into VTax is Current Use. Presently, the front-end application for Current Use is handled with a VIC online portal. VTax offers the capacity to handle both the application and the back-end processing. However, in discussions with FAST this would be an additional cost and require another phase of the project.

Maintenance and Support, Hosting

When we entered into the contract with FAST, they committed to fixed price options for maintenance and support for the six years after implementation: at the lowest level, the Department just receives patches for the VTax software; at the second level, FAST actually commits to installing those patches; and at the highest level, FAST will also maintain VTax on the latest version of its software. The cost for the highest level is \$1.8M, which might be a wise annual investment versus the risks inherent in operating an older system that later will require a costly upgrade.

When we contracted, the state also opted for hosting by DII on the state servers. This did cause some complexity in implementation, and DII's level of service does not include commitment to 24-hour operation (which is important since VTax does use a number of overnight batching functions). FAST does offer cloud hosting, that aside from higher level of service also may offer some security enhancement. Both of these matters will need to be decided in mid-2017.

Possible Extension of the Contract

Ironically, the last Administration had pushed for the Department to become a full Department of Revenue and we successfully had the slated name change in 2012 repealed. However, now that we have a modern integrated tax system in place along with the staff that build it, the time is probably right to revisit this concept. FAST has modules that handle unemployment taxes and benefits that are used in other states. FAST also has modules for drivers licensing and motor vehicle registration in place in other states. Provider taxes and child support are examples of other revenue functions currently administered by other agencies.

Note on Budgeting Considerations

In last year's report we noted that the Department has been able to accomplish the rapid and successful implementation of this IT project at a time of low or no budget growth for the Department, and while we lost positions. However, as we transition from project mode back to normal operation of our core revenue collection functions, some of the related costs for our system, such as licensing, maintenance and support costs, need to be operationalized. In future budgets, you may anticipate requests to increase our operation budget to reflect this transfer of ongoing costs from the project. Fortunately, as the project winds down, we will be in the position to finish contract payments to FAST, and when the Modernization Fund is retired, all of the enhanced revenue from our new efficiencies will flow to the General Fund.

Update on the Modernization Fund

The Modernization Fund was first established in 2007, and the sources of funds and use of funds were amended three times throughout 2014, as outlined in our previous reports. In Act 58 of 2015 there was an additional appropriation of \$15.5M to carry through FY 2024. The basic structure has remained where enhanced revenue from projects have been split 80/20 between the Modernization Fund and the General Fund.

Prior to the VTax project, two modernization projects contributed to the Fund, a small data warehouse designed by the Department and a comprehensive data warehouse designed and installed by an experienced tax vendor, Revenue Solutions Inc. ("RSI"). The RSI contract wrapped up in April, so payments for the warehouse no longer will come from the Modernization Fund (we have paid RSI for some consulting hours to continue use of the warehouse until full transition to VTax).

The main investment objective for the Modernization Fund is VTax, which itself will generate additional revenue necessary to pay FAST under its contract that runs through 2024. An independent review of the FAST bid, utilizing a cost-benefit analysis with very conservative assumptions, concluded that over the 10-year life of the VTax project, Vermont will realize \$36M in increased revenue over and above vendor payment. After FY 2024, the General Fund will reap the entire benefit of the Department's vastly improved capabilities to collect tax that is owed.

Attached is a table summarizing the revenue sources and expenditures to date. The Department has made payments to RSI, FAST and Chainbridge pursuant to the respective contracts. The Department has paid consultants who have worked on the procurement and evaluation of the project. The Department has paid DII expenses related to the Project out of the Modernization Fund. The Department has also paid one IT employee out of the Fund, though this position will be transitioned to our operating budget.

Conclusion

The Department has successfully developed a model whereby modernization of its processes has brought in additional revenues for the state without raising taxes. 80% of those revenues are leveraged further on modernization efforts that continue to close the Tax Gap (the difference between the taxes owed and taxes actually paid). By the end of this year, we will have largely completed our modernization. We have demonstrated efficient, integrated operations that maximize employee productivity, provide data security, enhance our online presence, ensure accurate accounting, and furnish robust reports of revenue. We have vastly improved the taxpayer experience and customer service.

Throughout the course of this transformation, the General Fund is receiving “found money.” This money comes without any tax increase – it includes amounts that would have escaped collection but for the Department’s improved ability to ensure that what is owed is actually paid.

TAX COMPUTER SYSTEM MODERNIZATION FUND (MF)¹

Statutory References: Act 65 of 2007 Section 282, Act 63 of 2011 Section C.103, Act 1 of 2013 Section 65 and 66, Act 95 of 2014 Section 62

Sources of Funds: Enhanced revenue from DOL project (2007-2012), RSI data warehouse (2011-2016), FAST integrated tax system (2014-2024)

Use of Funds: Technology investments to allow for modernized compliance and an Integrated Tax System

I. DOL Project: 2007-January 29, 2012

	Total
Enhanced Revenue	\$13,308,724
Distribution:	
CGI/Oracle ²	\$7,800,000
GF	\$2,746,552
MF	\$2,762,172

II. RSI Project: 2011-2016 (ended April 30, 2016)

	Total
Enhanced revenue	\$22,264,379
Distribution:	
RSI contract payments	\$5,624,666
GF	\$3,327,942
MF	\$13,311,771

III. FAST Project: 2015-2016 (phases I & II)

	To Date
Enhanced revenue	\$3,726,291
Distribution:	
FAST benefit payments	\$2,389,998
GF	\$745,258
FAST non-benefit payments (MF)	\$11,338,438
Discount Achieved	\$1,320,000

¹ To date is as of FY15 Q1.

² \$7,800,000 appropriation in 2007, payments 2008-2011.

IV. MF Misc Expenditures: FY2012-To Date

Expenditure	To Date
FAST Chainbridge (net)	\$281,493
DII Hardware, maintenance, and support	\$1,316,265
VTax procurement services	\$121,330
Other VTax project expenses ³	\$222,213
Oracle services ⁴	\$32,030
CHAMP	\$277,045
Additional IT FTE ⁵	\$445,564
Total	\$2,695,940

³ Additional services paid through the Department's budget.

⁴ Additional services paid through the Department's budget.

⁵ IT FTE will eventually be rolled into the Department's budget.



VERMONT VETERANS' HOME

Fulfilling the Promise



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OVERVIEW OF VVH

- Agency of the State of Vermont
- 196 State Employees
 - all but 7 are classified employees
- 130 skilled nursing home beds
- 8 Dom/Residential Care Beds
- Services Provided:
 - Short Term Rehab
 - Long Term Care
 - Respite Care
 - Hospice Care
 - Outpatient Rehab



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OVERVIEW CONTINUED

- No Deficiencies Since **OCTOBER 1, 2015**
 - VA and State Inspections
- **1 of 11** Nursing Homes with over all 5 Star CMS Rating
 - <https://www.medicare.gov/nursinghomecompare/search.html>
 - Only 1 in Bennington County
- Only **1 of 5** Nursing Homes with 5 Star Rating for Nursing Staffing
 - Only 1 in Bennington County
- Fully Implemented Electronic Medical Record System



VERMONT
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STAFF ACCOLADES

- Presentation at National Conferences
 - National Association of State Veterans' Homes
 - CrimeStoppers
- Training Provided to the VA
- Staff Receiving National Certifications
- Pinnacle Best in Class Awards
- Best Practices
 - Visit from Holyoke with another on planned
 - Conference Call with Long Island
 - Participation in Hospice Panel



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CENSUS OVERVIEW

- Highest Occupancy in Bennington County
- Occupancy Rate 8.92% **above State Average**
 - Based on July 2016 Data
 - <http://dail.vermont.gov/dail-publications/drs-occupancy-july-2016>
- FY 15 Average Daily Census 119.66
 - Discharges 45
- FY 16 Average Daily Census 120.50
 - Discharges 84
- FY 17 Average Daily Census 120.50
 - Discharges 23



VERMONT
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CENSUS ACTION PLAN

- Focus on Rutland and Chittenden County
 - High Concentration of Veteran Population
- Marketing Plan
 - Rutland Chamber of Commerce
 - Regional Visits
 - Print and Media Ads
- Mental Health/Behaviors most frequent reason for admission denial



CALL-OUT RATE

- Call-out is when an employee scheduled to work on a particular day calls the facility to say they cannot work.
 - Does not include vacations, block FMLA use or Admin Leave.
- National Call-Out Average for Nursing Homes **5.6%**
 - www.gerontologist.oxfordjournals.org/content/early/2014/01/05/geront.gnt167.full.pdf
 - page 2



VERMONT
VETERANS'
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CALL-OUTS CONTINUED

- FY 15 Rate 8.84%
- FY 16 Rate 9.52%
- FYTD 17 Rate 8.03%
- Highest of 11% and Lowest 6.58%
- FMLA main reason for call-out
- FMLA Eligibility
 - Employee for 1 Year
 - FTE 480hrs per 12 months
 - Part-time (20hrs wk) 240 per 12 months
 - MD Certification
 - Block leave or Intermittent



VERMONT
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CALL-OUTS CONTINUED

- Worker's Compensation Impact
 - Per OSHA 2015 Lost Work Day Illness and Injury Rate (LWDII) for Nursing Homes 4.9
 - Number of recordable incidents per 100 employees that results in a lost or restricted day of work due to work related injury of illness
 - Calendar Year 15 Rate 4.25
 - 47 Cases
 - 1228 days away from work
 - 405 days of light duty



VERMONT
VETERANS'
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OVERTIME, TEMP/CONTRACTED STAFF

- Call-Outs, FMLA and Worker's Comp top drivers for use of Overtime, Temp/Contacted Staff
- Regulatory Requirement for Minimum Nursing Department Hours
 - 1 Hours of RN/LPN per patient per day
 - 2 Hours of LNA per patient per day
 - Section 7.13 of "Licensing and Operating Rules for Nursing Homes. December 15, 2001
 - <http://www.dail.vermont.gov/dail-statutes/statutes-dlp-documents/nursing-home-regulations>
- Temp Staff employees of VVH who work no more than 1560 hours per year. Are used in all departments
- Contracted Staff non VVH staff provided by staffing agencies, for nursing department only to met regulatory requirements

Fulfilling the Promise



VERMONT
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OVERTIME TEMP EMPLOYEES

- Overtime:
 - FY 15 23,853.11hrs \$681,879.28
 - FY 16 22,575.15hrs \$702,221.21
 - FY 17 5,306.13hrs \$170,893.99
- Temporary Employees:
 - FY 15 38,511.22hrs \$515,661.70
 - FY 16 25,118.09hrs \$315,987.87
 - FY 17 6,653.15hrs \$102,719.01



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CONTRACTED EMPLOYEES

- FY 15 625hrs \$26,545.47
- FY 16 6,874hrs \$308,290.25
- FY 17 7,848.45hrs \$312,506.45

- Action Plan
 - New Nursing Schedule
 - LNA Class
 - Meeting with Talent Acquisition
 - Worker's Compensation Changes

Fulfilling the Promise



Report to the Joint Fiscal Committee

In Response to 2016 Act 875 Sec. E.342(b)

Melissa A. Jackson, BSW, LNHA | Chief Executive Officer | November 2016

2016 Act 875 Sec. E.342(b) Vermont Veterans' Home - care and support services

The Chief Executive Officer shall provide a written report to the Joint Fiscal Committee in November 2016 that provides information on the overall census, the call out rate, use of overtime for State employees, and the use of temporary employees and contractors for State fiscal year 2016 compared to fiscal year 2015, and a status update on these issues for fiscal year 2017 to date.

EXECUTIVE SUMMARY

Over the past few years concerns about the census, call-out rate, overtime and use of temporary and contracted employees have been voiced by the administration of the Home, the State Legislature and the Vermont Employees Association.

The census has slowly improved since FY 2015 and the facility has seen an increase in our ability to admit Veterans, their spouses and Gold Star Parents to our Home. This is due to the fact those applying to the facility have adequate payor sources to cover the cost of their care.

The call-out rate has increased from FY 2015 from 8.84% to 9.52%. Based on the first three months of 2017 it is anticipated that the call out rate will continue to increase. The staff at the home has expressed concern over the nursing department schedule and many iterations of this schedule have been attempted to meet their needs. A new scheduling model was recently implemented in September. It is too soon to determine if this will have a positive impact on the call-out rate.

Temporary and contracted staff use has also increased over the past two fiscal years. This is related to the call-out rate, use of FMLA and high rate of worker's compensation use.

VVH continues to take steps to address each of these issues in an attempt to increase our overall census, decrease the call-out rate, and use of temporary and contracted staff.

BACKGROUND

CENSUS

VVH's census has remained consistent during FY 2015 and FY 2016; the average daily census for FY 2015 was 119.66 and for FY 2016 120.50. For the first three months of FY 17 the average daily census has been 120.50. When reviewing the average daily census one must also look at the average number of discharges that took place during each of the

respective fiscal years. A discharge is defined as a Veteran or Member who no longer resides at VVH due to death or permanently moving to another living environment such as their home, assistive living or other nursing home. For FY 2105 the average monthly discharge rate was 3.75, for FY 2016 this rate was 7 and for the first three month of F& 2017 the rate is 7.66.

CALL-OUT RATE

VVH defines a call out as an employee who was scheduled to work on any given day/shift and notifies the facility they will not be able to work. A call out does not include those employees with planned vacation/time off, those on extended leave i.e. FMLA, administrative leave or other long term absences. For FY 2015 the average monthly call-out rate was 8.84%, FY 2016 9.52% and for the first 3 months of FY 2017 8.03%

The majority of the call outs can be classified as FMLA, currently 15% of the facility's staff has some form of FMLA, and the vast majority is intermittent FMLA. Intermittent FMLA is defined as "Intermittent/reduced schedule leave may be taken when medically necessary to care for a seriously ill family member or because of the employee's serious health condition" (www.dol.gov/whd/regs/compliance/1421.html). Absences related to FMLA are "protected"; meaning the employee cannot face disciplinary action for any time away from work that is related to their FMLA qualifying condition.

OVERTIME

In FY 15 VVH staff used 23,832.11 hours of overtime resulting in \$681,879.28. In FY 2016 22,575.15 hours of overtime were used resulting in a cost of \$702,221.21. For the first three month of FY 2017 5306.13 hours of overtime have been used at a cost of \$ 170,893.99.

For FY 15 and 16 the biggest contributing factor to overtime use was the call-out rate. Recently the increased number of employees on light duty due to work related injuries has increased the overtime use. Additionally, we have had difficulty recruiting to fill some open positions in our Nursing Department on 2nd shift, 2pm to 10:30pm, and 3rd shift 10:00pm to 6:30am.

TEMPORARY/CONTRACTED EMPLOYEES

VVH defines temporary employees as individuals who are not full-time classified or exempt employees, and do not work more than 1560 hours in a calendar year. In FY 15 VVH utilized 38511.22 hours of temporary employees at a cost of \$515,661.70; in FY 16 25118.09 hours of temporary employees at a cost of \$315,987.87 were utilized. For the first

three month of FY 17 6653.15 hours of temporary employees were used at a cost of \$102,719.01

Contracted employees are defined as staffing provided by a staffing agency; VVH utilizes a staffing agency to help fulfill our nursing department staffing needs. In FY 15 VVH utilized 625.5 hours of contracted employees at a cost of \$26,545.47; in FY 16 6,874.72 hours of contracted employees at a cost of \$308,290.25 were utilized. For the first three months of FY 17 7848.85 hours of contracted employees were used at a cost of \$ \$312,506.45

Temporary and contracted employees are used to help ensure we meet the regulatory requirements for average care hours per patient per day as outlined by the State of Vermont, Agency of Human Services Department of Aging and Independent Living in "Licensing and Operating Rules for Nursing Homes December 15, 2001". These regulations have established the following staffing requirements:

"7.13 Nursing Services

(b) The facility must designate a licensed nurse to serve as a charge nurse on each tour of duty

(c) Registered Nurse

(1) The facility must use the services of a Registered Nurse for at least 8 consecutive hours a day, 7 days a week.

(2) The facility must designate a registered nurse to serve as the director of nursing on a full time basis.

(d) Staffing Levels. The facility shall maintain staffing levels adequate to meet resident needs.

(1) At a minimum nursing facilities must provide:

(i) no fewer than 3 hours of direct care resident per day, on a weekly average, including nursing care, personal and restorative nursing care, but not including administration or supervision of staff; and

(ii) of the three hours of direct care, no fewer than 2 hours per resident per day must be assigned to provide standard LNA care (such as personal care, assistance with ambulation, feeding, etc.) performed by LNA or equivalent staff and not including meal preparation, physical therapy or at the activities program."

IN FY 15 VVH provided 3.87 hours of nursing care per patient per day, In FY 16 3.90 hours and for the first three months of FY 17 3.93 hours.

ACTIONS TAKEN

CENSUS

VVH has reviewed our marketing efforts and are focusing on Rutland County as it has the 2nd highest county Veteran Population. Our outreach efforts include:

- ☐ Becoming members of the Rutland Chamber of Commerce. They have offered assistance with marketing of VVH. This includes advertisements in their monthly newsletter as well as radio and TV advertisements.
- ☐ Weekly visits to the hospital discharge planners at Rutland Regional Medical Center.
- ☐ Participation in Rutland Continuum of Care. This organization works closely with Rutland county Veterans and has a Veteran focused meeting the 1st, 3rd, and 4th Thursdays of each month.
- ☐ Rutland's VA Community Based Outpatient Clinic and Veterans' Outreach. Both were provided information on the facility and discussions were held on holding Rutland County Veteran focused events. The Outreach will help us build our Veteran mailing list and keep us up to date on Veteran events around the state.

The marketing efforts will also be implemented in Chittenden County, which also has a high Veteran population. We continue to have strong name recognition and referrals from Bennington County but we have made some additions to our marketing efforts here as well. Our Assistant Director of Nursing is making frequent visits to the Southern Vermont Medical Center's Discharge Planners daily meetings. At these meeting potential discharges are discussed and local nursing facilities are able to make admission offers as appropriate.

We have seen a steady upward trend in the number of admission referrals we have received as well as those that we are able to admit. In FY 15 we had 191 referrals and 77 resulted in admission, in FY 16 we had 214 referrals with 82 being admitted, and for the first three months of FY 17 we have had 85 referrals and 21 admissions. In the past payment for admissions was a concern; those admitted are thoroughly vetted and payment for their care is secured prior to admission.

CALL-OUT RATE

VVH has worked closely with our nursing department staff and representatives from the VSEA to develop a new nursing schedule. This schedule has each nursing neighborhood staff developing their own schedule within parameters agreed upon by VVH management, staff, and VSEA. We refer to this scheduling model as “self-scheduling”. The first attempt at this schedule took place in September.

Staff reported that if they had more personal control over their schedule they would be less likely to call-out. Since this schedule was just recently implemented it is too early to tell if the call-out rate has/will decline.

OVERTIME, TEMPORARY/CONTRACTED EMPLOYEES

Overtime, the use of temporary and contracted employees is all tied to open positions, use of FMLA, and employees on limited/light duty or out of work due to a work related injury.

VVH recently held a Licensed Nursing Assistant (LNA) class at the facility. This allowed us to train 6 individuals who took the state licensing test, and passed, to become LNAs. The six graduates of this class filled our 6 open LNA positions. We plan to hold another class in the spring and have received numerous phone calls from those interested in participating in the next class.

Additionally, VVH hired a worker’s compensation consultant in May of this year. This consultant conducted an in-depth review of our employee accidents and injuries and made suggestions on how to improve our program. This included:

- Designating an employee at VVH to monitor all workers’ compensation claims. Prior to this all our claims were managed through the State’s Worker’s Compensation Office in Montpelier.
- Identify a local physician for our employees to see when they are initially injured. The Home is working with Occupational Health at our local hospital. Prior to these implementation employees saw a physician they chose. Many did not have our employees job descriptions or access to the light duty opportunities that were available to staff. This resulted in many employees being removed from work.
- In-depth accident reviews are being conducted at the facility including witness statements, root cause analysis, and identification of education and equipment needs to prevent reoccurrence.

Since VVH implanted this program the State transitioned to a third party administrator for our Worker's Compensation Claims. This organization is implementing state wide what VVH has already applied with our consultant. As of October 25, 2016 the facility has gone 70 days without a lost time claim. In the past, it was not uncommon to have a lost time claim 2 or 3 times a month. In addition to having a positive impact on or overtime, we are anticipating seeing a decrease in our Worker's Compensation costs in the next year.



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Agency of Administration

TO: Joint Fiscal Committee
FROM: Thomas Cheney, Commissioner
DATE: November 1, 2016
SUBJECT: Classification Study Status Report

Background

Act 58, Sec. E.100.1, 2015 Legislation Session required the Agency of Administration, Department of Human Resources (DHR) to issue a request for proposal (RFP) to:

- Conduct a diagnostic evaluation of the current classification and compensation systems;
- Summarize best practices and classification systems used by other public sector organizations; and,
- Provide recommendations for relevant alternatives to the current systems used by DHR.

The reason a study of the State's classification and compensation systems is necessary now is due to a variety of factors, including:

- The current classification and compensation system used by the State of Vermont is based on a point factor job evaluation system developed by Norman Willis and Associates, referred to as the Willis system. Vermont implemented the Willis system 30 years ago, in 1986.
- The system has not been recalibrated since 1994. Norman Willis and Associates is no longer in business; therefore, the Willis system is unsupported.
- The current salary plan for Classified employees is based on a pay grade and longevity step grid that was modified to work with the Willis classification system in 1986.
- The Department of Human Resources is inundated with requests to review the classifications of approximately 900 positions each fiscal year, as employees and management can make such requests at will.
- Each classification review has an unanticipated impact on department budgets.

Two responses to the RFP were received. The DHR entered a contract with Gallagher Benefit Services, Inc.'s Human Resources and Compensation Consulting practice.

Gallagher Benefit Services met with a variety of stakeholder groups including: VSEA and VTA representatives, representatives from the Judicial Branch, supervisors, managers, appointed officials, Joint Fiscal Office representatives, and members of DHR responsible for classification and compensation.

Classification Status Report

Act 172, Sec. 108.4, of the 2016 Legislative Session required a status report to be submitted to the Joint Fiscal Committee by November 1, 2016 and a final report to the General Assembly by January 15, 2017. Both this report and the final report focuses on three areas:

- Recommended next steps,
- Anticipated costs and resources to implement recommendations; and
- The total cost of the current classification system and the number of positions impacted by these recommendations.



Recommended Next Steps:

In summary, Gallagher Benefit Services recommends:

- Developing a broader classification system, utilizing fewer job classes.
- Utilizing a more modern, flexible, transparent system for managing job evaluation and placement within the compensation system for the classified service, such as a decision banding system.
- Implementing a contemporary, flexible, easy to understand system for managing pay that effectively combines: recognition of competencies, experience/longevity, market parity, and excellence in performance.

The Department of Human Resources agrees with the above recommendations. We propose the following specific next steps with anticipated timeline:

- Develop a realistic estimate of the cost to purchase and implement a new classification and compensation system; including cost of staff and/or consultant resources. (January 15, 2017)
- Draft proposed legislation to update the statutory requirement for a point factor job evaluation system, to allow the State flexibility to implement a different type of classification and compensation system. (January 15, 2017)
- Create a diverse Classification and Compensation Steering Committee to provide leadership and strategic support. The steering committee will include key stakeholders; and may include representatives from VSEA and VTA; Executive Branch managers, supervisors, and employees (February 1, 2017); and Legislative and Judicial branch stakeholders.
- Working with stakeholders develop and issue a formal Request for Information for classification and compensation systems. (April 1, 2017).
- Develop a preliminary project plan for a complete update of the State's classification and compensation systems. (June 15, 2017)
- Issue an RFP for consultant(s) to serve as expert resources on classification, compensation, and performance management systems. These consultants will work with the State of Vermont to evaluate possible classification and compensation systems and assist with the potential implementation of a revised system. (August 1, 2017)

Anticipated Costs and Resources to Implement Recommendations:

The Gallagher Benefit Services findings and recommendations, include some initial cost estimates associated with a statewide classification and compensation study. Their initial estimate does not include the full scope of work and resources to complete design, development, and implementation of a new classification and compensation system. Comprehensive cost estimates cannot be completed until specific systems are selected and strategic implementation plans are established. It is important to note there will be one-time costs, recurring costs, and very likely savings associated with modernizing the State's classification and compensation systems.

Recommendations/Next Steps	One Time Cost	Recurring Cost	Future and Ongoing Savings
Evaluate and streamline class structure	x		x
Define job requirements, skills, and competencies.	x		x
Update job descriptions and job specifications	x		x
Ensure employees are properly classified under the new structure	x		x
Revise current RFR review and Classification Committee processes	x		x
Develop a total compensation philosophy	x		
Conduct total compensation market assessment	x		
Update pay structure	x		
Design and develop a performance based pay program	x		
Consultant/Contractor(s)/project staff	x		
Training	x	x	
Staff time (HR admins, classification, agency management - committees)		x	x



Technology	x	x	
Maintenance of the new class/comp system (market studies, pay plan calibration, performance management)		x	

Estimated Total Cost of the Current Classification System

Actual Classification Costs	FY2015	FY2014	FY2013	FY2012	FY2011
Employee Salary Change due to Classification	\$4,107,622	\$3,629,730	\$5,452,843	\$3,639,429	\$1,997,863
Classification Staff Total Salary	\$441,610	\$466,349	\$463,349	\$390,972	\$364,099
Total Actual Cost	\$4,549,232	\$4,096,079	\$5,916,192	\$4,030,401	\$2,361,962

Additional Estimated Costs Associated with Time Spent on Classification Matters	FY2015
HR Staff (HRIS, HR Administrators and HR Managers)	\$261,000
Agency/Department Staff (employees, supervisors, managers)	\$125,000
Classification Committees (managers participate on nine agency/department committees, and two statewide committees)	\$108,000
Total of Estimated Additional Costs	\$494,000

FY15 Total of actual and estimated costs	\$5,043,232
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Conclusion:

The classification and compensation systems currently used by the State of Vermont are out of date, labor intensive, complex, and costly. The classification and compensation system we implement must be:

- Fair,
- Transparent,
- Easy to understand and administer,
- Predictable, and
- Sustainable.

Creating a stakeholder steering committee is an important part of our proposed next steps. Collaboration is critical. We know implementing a system based on broader more flexible job classes and an up to date pay system will require a great deal of work.

The recommendations to modernize the classification and compensation systems apply statewide and will have a positive impact on the State workforce.

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Department of Vermont Health Access
280 State Street, NOB 1 South
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<http://dvha.vermont.gov>

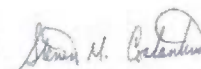
[Phone] 802-879-5900

Agency of Human Services

MEMORANDUM

To: Senator Jane Kitchel, Chair, Joint Fiscal Committee; Representative Janet Ancel, Vice Chair, Joint Fiscal Committee

From: Steven M. Costantino, Commissioner, Department of Vermont Health Access



Date: November 10, 2016

Re: Act 172, Sec. E.306.15 – Medicaid Non-Emergency Transportation

This memorandum is in response to the legislature's request in Act 172, Section E.306.15, that the Department of Vermont Health Access (DVHA) report on the contract for Medicaid Non-Emergency Transportation (NEMT) services.

Act 172, Sec. E.306.15 MEDICAID NON-EMERGENCY TRANSPORTATION

(a) In fiscal year 2017, when the General Assembly is not in session, prior to executing a contract to provide Medicaid Non-Emergency Transportation services, the Department of Vermont Health Access shall provide to the Joint Fiscal Committee for review and approval a detailed analysis that executing such a contract shall not compromise any State policy, including the coordinated delivery of transportation services of the Elderly and Disabled program and the Medicaid Non-Emergency Transportation program, that there will be no degradation of service to eligible individuals, and that the financial stability of the State's public transportation systems will be maintained. The analysis shall also include the impact of the Agency of Transportation investments in vehicles, technology, and other capital investments in the coordinated care delivery model.

Update on Contracting Process

Vermont's NEMT program provides transportation for Medicaid members to and from medical appointments for Medicaid covered services, when the member has no access to a vehicle. Since its inception, the NEMT program has relied on Vermont's network of public transit providers to coordinate and provide these rides.

In 2015, in accordance with the Agency of Administration procurement policy, DVHA released an RFP to seek proposals for a new NEMT contract to replace the contracts that were set to expire at the end of CY 2015. DVHA's RFP language emphasized to potential bidders that the department's new contract must use public transit services and coordinate with other transportation programs whenever possible. During the "question and answer" phase of the procurement, DVHA further emphasized that Vermont's rural nature would not be able to

support a Medicaid transportation network that does not also take advantage of our existing public transit network.

After a careful review of RFP responses, DVHA identified the Vermont Public Transit Association (VPTA) as the successful winner of our new contract. VPTA had several advantages over the other bidders, including their experience with providing NEMT services in Vermont and their close integration with other public transit programs and providers. VPTA's approach to coordinating transportation services will benefit the NEMT program as well as other transportation programs in Vermont. Vermonters who depend on transportation services will be able to access multiple programs through one central organization and VPTA's coordination will make these programs more cost-efficient for everyone.

In its directive, the Vermont Legislature asked for an analysis of the following specific items:

1. Impact on the Elderly and Disabled transportation program: VPTA has been directly involved with the Elderly and Disabled (E&D) transportation program since its first years and has an excellent understanding of the program's eligibility requirements, funding streams and transportation resources. The E&D and NEMT programs both benefit when the same vehicles can be used to transport people from both programs. VPTA will ensure that this coordination continues under the new contract and they have systems in place to ensure that the appropriate funding sources are used even when a vehicle is filled with people accessing different assistance programs.
2. Impact on the NEMT program: Medicaid members will see virtually no change in NEMT services because VPTA intends to rely very heavily on the same providers we already use for the Medicaid NEMT program. Medicaid members will receive better coordination for long-distance trips, a more consistent customer service experience when calling for rides, and better route management/coordination thanks to new software recently installed by transit providers.
3. Impact on the financial stability of Vermont's public transit system: Vermont's rural nature requires us to share transportation resources across programs, and VPTA's proposal fully embraces that requirement. In order to keep these programs financially sustainable, we need to do more than just share resources. We have to carefully allocate expenses to myriad funding sources without inadvertently charging one program for a ride delivered to another program. VPTA has been managing this challenging world of ride coordination and cost segregation for decades. DVHA believes that this contract will have no negative impact on the stability of our public transportation programs and that all programs will continue to benefit from this coordination under the new contract.
4. The impact of the Agency of Transportation's investments in vehicles, technology and other infrastructure investments: The Agency of Transportation (AOT) provides funds to support the purchase of vehicles and other infrastructure to keep our public transportation in place. AOT recently supported the procurement of software that will improve ride coordination and streamline the cost allocation process. These investments were designed to support *all* users of public transportation in Vermont. When NEMT riders use public transportation, they benefit from these investments. By choosing VPTA, the Vermont

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Agency of Human Services

Medicaid program will benefit from a system that leverages the investments we have made in our state's transportation infrastructure.

DVHA is now in the final stages of contract negotiations with VPTA. The department is pleased with the progress it has made and believes that this contract will continue to improve upon the coordination with Vermont's public transportation system. Medicaid members will not be required to transition to a new system and their rides will still be provided by the same people and organizations they have counted on for years. Overall, DVHA believes that choosing VPTA to provide brokerage services is the best fit for Vermont.

Questions about this report or about the NEMT contract can be directed to Aaron French, Deputy Commissioner, DVHA.

MCO Investment Report

Report to the Joint Fiscal Office

Pursuant to 33 V.S.A. § 1901e

Hal Cohen, Secretary
Vermont Agency of Human Services

October 1, 2016



MCO Investment Expenditures

[illegible]



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Daniel Dickerson, Fiscal Analyst
Date: November 22, 2016
Subject: Small Grant & Gift Quarterly Report

In accordance with the provisions of 32 V.S.A. § 5(a)(3), the Joint Fiscal Office is required to submit quarterly reports for small grant and gift requests with a value of \$5,000 or less.* For the quarter ending September 30, 2016, the Joint Fiscal Office did not receive notification of any grants meeting these criteria.

* Act 146 of the Acts of 2009 Adj. Session (2010), Sec. B.15 amended 32 V.S.A. § 5(a)(3) to permit the Department of Forests, Parks and recreation to accept grants with a value of up to \$15,000 under the "small grants" procedure. This change was part of the "Challenges for Change" initiative.

**Vermont Employment Growth Incentive
Technical Working Group Review
November 2016**

Report to:

Joint Fiscal Committee
Vermont Economic Progress Council

House Committee on Commerce and Economic Development
House Committee on Ways and Means
House Committee on Appropriations

Senate Committee on Economic Development, Housing and General Affairs
Senate Committee on Finance
Senate Committee on Appropriations

Technical Working Group Members:

Tom Kavet, Legislative Economist; Kavet, Rockler & Associates, LLC
Ken Jones, Economic Research Analyst, Agency of Commerce and Community Development
Mathew Barewicz, Economic & Labor Market Information Chief, Vermont Department of Labor
Rebecca Sameroff, Senior Fiscal Analyst, Vermont Department of Taxes

Introduction to Technical Working Group Report

2016 Acts and Resolves No.157, Section H.14 established a Technical Working Group (TWG) to review four questions related to the operation of the Vermont Employment Growth Incentive (VEGI). VEGI has been providing incentive agreements to Vermont businesses since 2007. Business applications are processed by the Vermont Economic Progress Council (VEPC) and annual VEGI claims are examined by and incentive payments processed by the Tax Department. Details of the incentive calculation process, including a Cost-Benefit Model that calibrates award levels, are approved by the Joint Fiscal Committee. Each year, VEPC and the Tax Department provide an annual report that includes the history of job and wage growth by the sum of all businesses receiving VEGI payments and an update on new agreements authorized in the past year.

The Legislature was interested in the TWG's addressing four questions and those four questions provide the outline for this report. In each case, the TWG sought to focus on the technical aspects of addressing VEGI incentive calculations through the use of objectively applied tools and highlighting those topics that are more appropriate for policy discussions and the use of subjective judgment. However, a clear separation between the technical aspects of VEGI implementation and policy choices is not always available and this report attempts to identify when the technical recommendations begin to overlap with policy considerations.

Unfortunately, the TWG was not able to achieve consensus recommendations for all issues reviewed. In such cases, various perspectives are presented in the hope that some of the related discussion around these issues may be of value in deliberating legislative options.

Question One: Is the Cost-Benefit Model being effectively utilized?

Although this is a broad question that could encompass many areas of technical and policy inquiry, we have focused our work on two primary considerations associated with the effective use of the VEGI cost-benefit analysis:

1. Is it effective in producing a reasonable estimate of net State government revenue growth, given the Model input assumptions?
2. Is it effective in determining an appropriate incentive amount that is not too high, which would represent an unnecessary expenditure of taxpayer funds, or too low, which would represent an unnecessary net economic loss to the State?

Estimating net State government revenue

The most important element in assessing the Cost-Benefit Model's effectiveness in terms of estimating net State government revenue is a critical Model input assumption: that "but-for" the VEGI award, the recipient would not undertake, in whole or part, the promised economic activity. This so-called "but-for" test underlies all VEGI Model runs and all conclusions we offer herein regarding Model effectiveness with respect to estimates of net fiscal impacts to the State.

Although rigorously applied by the Vermont Economic Progress Council in evaluating applicants, the "but-for" test cannot be verified. It is largely based on the self-attestation of the applicant, with no means of independent confirmation. Because of this, the Model output in our

review is best thought of as “*theoretical* net State government revenue,” with the assumption that in all cases, the “but for” tests are 100% accurate.

The estimation of theoretical net State fiscal impacts is the most direct objective of the Cost-Benefit Model and its structure is clearly aligned to this target. The overall model calculates both the increased State government revenues resulting from changes to employment, wages, and capital expenditures as proposed by business applicants and increased costs for State government.

In summary, the business inputs of employment, wages, and capital expenditures are translated by a state economic model provided by Regional Economic Models, Inc., of Amherst, MA (hereafter REMI) to yield changes in the following economic parameters:

- Total income
- Grand list increases from new construction and renovation
- Increases in consumer purchases
- Changes in population

These changes are then used in an external spreadsheet model to determine the changes in revenue for the:

- General Fund (increases in income taxes, sales and use taxes, and other taxes)
- Education Fund (increases in grand list values, and increase in sales and use and other revenues), and
- Transportation Fund (increases in purchase and use taxes and gasoline taxes)

This model component also calculates changes in government costs, largely based on the increases in population. Education costs are related to increases in school-age children, and General and Transportation Fund costs are based on overall population growth.

The Cost-Benefit Model uses estimated theoretical net revenue growth together with proposed changes in qualified employment to set VEGI award levels based on incentive payments over a period of up to nine years.

The basic Model construct has been in use for nearly 10 years. Although there have been many significant program changes, there have been only minor changes to the calculations as various model managers and others involved with model operation and oversight review the many mathematical relationships. In the experience of the current Model manager at ACCD, “none of those changes had impacts larger than 10% changes in incentive payment calculations and most of them were in the 1% range.”

A more complete annual compilation of changes resulting from Model updates for use in JFC review and approval, as recommended by the JFO (see attached memo of July 25, 2106), is endorsed by the TWG. It is also assumed by the TWG that ongoing technical discussions between the VEGI Model manager and the Legislative State Economist will continue, in support of a thorough understanding by the JFC of proposed Model changes and their potential impacts on public finances.

There are dozens of variables that affect the use of the Cost-Benefit Model. VEPC has included the following in its recent communication regarding annual Model updates.

- Property Value Inflator
- Statewide School Tax Rate: Homestead
- Statewide School Tax Rate: Nonresidential
- State & Local Government Price Deflator
- Estimate Per Student Grant
- Estimated Special Education Per Equalized Pupil
- Vermont Estimated Population
- FY General Fund Expenditures
- FY T Fund Appropriations
- Corporate Revenue/Nonfarm Supervisory Job
- Per Capita Other General Fund Revenues
- Per Capita Other Transportation Fund Revenues
- State Personal Income Tax Rate
- State Sales & Use Tax Rate
- State Gas Tax Rate
- State MVP&U Tax Rate
- Three-Year Moving Average Bond Buyer Index

In general, given the uncertainty associated with the critical “but-for” assumption underlying the Cost-Benefit Model, the Model is effective in producing a reasonable estimate of the theoretical net change in State revenues. It is not possible to test the Model to verify that a particular level of increased business activity will lead to a specific dollar amount of net increased tax revenue.

From those observations, the TWG concludes that the Model is effective for this purpose, given the caveat regarding the importance of understanding critical Model input assumptions, and the theoretical nature of the estimates produced.

Determining the appropriate incentive amount

The current Cost-Benefit Model is not designed to evaluate whether any particular incentive payment is necessary to encourage business growth, since this is assumed prior to each Model run. A different research tool is necessary to determine if there are examples where companies have either been neglected by VEGI because incentive payments are not large enough to spur business growth or examples of companies that received incentive payments larger than were necessary to encourage the growth investments that they undertook.

The Technical Working Group, therefore, concludes that there is no model in place that is effective for this purpose.

Variables in the Cost-Benefit Model

Income tax effective rate – This figure is calculated each year from the revenues received and reported by the Department of Financial Regulation and the figure used in REMI as total income.

Sales tax base – REMI identifies dozens of household consumption items. Only some of them are subject to sales tax. The total consumption of these items is used as the base and the total sales tax revenues reported by the Department of Financial Regulation are used to determine an effective sales tax rate.

Property tax rates (both homestead and nonresidential) – These are established by the Legislature

Gasoline and Diesel Tax - The tax rate (percentage of dollar sales) is calculated from the current year tax revenues divided by the gasoline and diesel expenditures as assumed by REMI.

Population base – REMI uses projected figures to estimate annual Vermont populations broken down by age. These figures form a baseline. Changes to the economy represented by company inputs on wages, employment, and capital expenditures result in changes in population from the baseline calculated by REMI.

Inflation – REMI uses a standard set of inflation factors to determine future consumption expenses. Any economic growth represented by company growth results in price increases calculated by the REMI model. The resulting price increases result in a small reduction in consumption as a result of economic growth that counters the increase resulting from income increases in households.

Wages – REMI projects average wage for each industry sector. These values are used for the secondary and induced growth resulting from an applicant's increased wages, employment, and Capital Expenditures. The primary increase in wages is provided as inputs from the company application.

Government costs - General Fund, Transportation Fund expenditures – The Joint Fiscal Office publishes values for Expenditures in *Fiscal Facts*.

Education Fund costs – Costs for State government are the sum of the per pupil estimated block grant figure as determined by the Agency of Education. The Special Education amount is determined on a per pupil basis by dividing total special education costs as reported by the Joint Fiscal Office by the number of students reported by the Agency of Education.

Government cost inflation – REMI forecasts increases in costs for State and local government. These inflation factors are used to increase the incremental costs for government resulting from population growth.

Variables in the Incentive Calculation

Discount rate – Used to develop the present value of future revenue and cost streams. Determined by the combination of a three-year bond rate average and geographic variations to increase the discount for higher growth parts of the state and lower discounting for slower growth parts of the state.

This discount rate is varied for the different counties as a mechanism to provide regional differences in incentive calculations. Low growth counties have a discount rate decreased by 1% and high growth counties have a discount rate increased by 1%.

Background growth rate – As described in the next section, each business sector has a background growth rate used to ensure that any particular proposal is not provided incentive for first dollar investments.

Question Two: Whether the inputs to the Cost-Benefit Model should be adjusted for those applicants who assert that “but for” the incentive the scale or timing of the project would change

The current VEPC evaluation process for VEGI applicants assesses a business expansion project against an assumption that the project would not occur, or would occur in a significantly different manner that is significantly less desirable to the State, without the VEGI incentive. The significantly different cases include when, in the absence of the incentive, the company would do part of the project, would do the project on a slower schedule, would move the project out of State, or subcontract the work to a different firm.

However, in the Cost-Benefit Model, all additional growth in jobs/payroll (beyond a sector-based background growth rate) and calculation of net State tax revenues and fiscal impacts are entirely attributed to the VEGI incentive. This Model assumption is currently at variance with the extant VEGI applicant evaluation criteria and the “but for” attestation language required of all VEGI applicants, which affirms that without the VEGI incentive, the proposed project would either not occur in Vermont or would occur “in a significantly different and significantly less desirable manner.” Just how “different” and how “less desirable” a project may be is entirely subjective and is not currently reflected in the Cost-Benefit Model process or calculations. Because the Model is assuming no activity in the absence of an incentive award, it is overstating the benefits from any project that would have happened in a significantly different manner without the incentive.

Technically, it would be possible to custom-adjust the baseline forecast in the VEGI Model to account for an alternative (no incentive) project scale or timing variation, and compare that scenario to the full project (with incentives) as submitted in the VEGI application. The “alternative baseline forecast” would reflect an alternative (without incentive) project scale or timing, and would replace the current Model’s control baseline forecast. In evaluating this change to the Cost-Benefit Model, the TWG assumes that any alternative baseline forecast would track higher than the Model’s control baseline forecast.¹ This is because the only change to the control baseline forecast would be for some part of the additional investment to occur in the absence of the award or any such investment to occur at some later time, or both. This alternative baseline forecast would represent an additional step in the application process and would create a fair amount of complexity for both applicants and program administrators in establishing and monitoring a custom baseline forecast scenario in addition to the project scenario.

Although this measure could serve to lower incentive award costs to the State, the values provided for the alternative baseline forecast would be entirely at the discretion of the applicant, with no means of verification or validation. Thus, they suffer from the same potential bias as the “but-for” test.

¹ It would be possible for an alternative baseline forecast to track below the control baseline forecast. This creates a policy question outside the scope of the TWG related to the intent of the program because a lower alternative baseline forecast would increase the award amount, creating a net negative fiscal outcome.

The TWG was not unanimous on the advisability of implementing this change – only that it is technically feasible to do so if the Legislature so chooses. The primary arguments against implementation are connected to significant additional applicant and administrative complexity. The primary arguments for are associated with potential public expenditure savings – though these are likely to be small, due to the optional nature of applicant use and the subjective nature of the applicant's attestations regarding project size, timing, and the importance of public subsidization of the subject investment.

Another option discussed to reconcile the disconnect between the “but for” attestation language and Model input assumptions would be to eliminate the language that allows projects to qualify for an incentive award if they would have otherwise happened “in a significantly different manner.” If this were the case, only projects that an applicant attests would not have happened “in whole” without an incentive would qualify for an incentive award. Some on the TWG, including those who have had first hand experience with the applicant screening process, felt that this would cause applications to decline significantly, since many applicants admit that some part of a proposed project would, in fact, occur in the absence of an award. They feared that any such decline in applications could affect critical projects that would not be built to full scale as a result.

Question Three: Whether the Program can integrate the use of business-specific background growth rates in addition to, or in place of, industry-specific background growth rates; and, if industry-specific background growth rates are recommended, a methodology to review, calculate, and set those rates

Despite the best efforts of the Vermont Economic Progress Council to review VEGI applications in light of the aforementioned “but for” test, there is no way to verify whether a public subsidy is necessary or critical. In order to ensure that incentive payments are not larger than what may be needed to encourage business growth, several mechanisms were designed into the original Cost-Benefit Model to discount growth that might have occurred without public incentives. The intent of these mechanisms is to maximize the net State fiscal gain from the incentive program as a whole. The so-called “background growth rate” is one such discount mechanism that varies by industrial sector, and was initially set by reviewing long-term wage and salary growth in various industrial sectors. Unlike some variables in the Cost-Benefit Model that are updated annually, this discount rate has not been changed since 2009. It is currently based on long-term wage and salary growth rates calculated between 1990 and 2007, and varies by REMI industry sector from a minimum of 0.0% for the slowest growing (or declining) industries and a maximum of 6.9% (capped at 1.5 times the average private sector growth rate) for the most rapidly growing sectors.

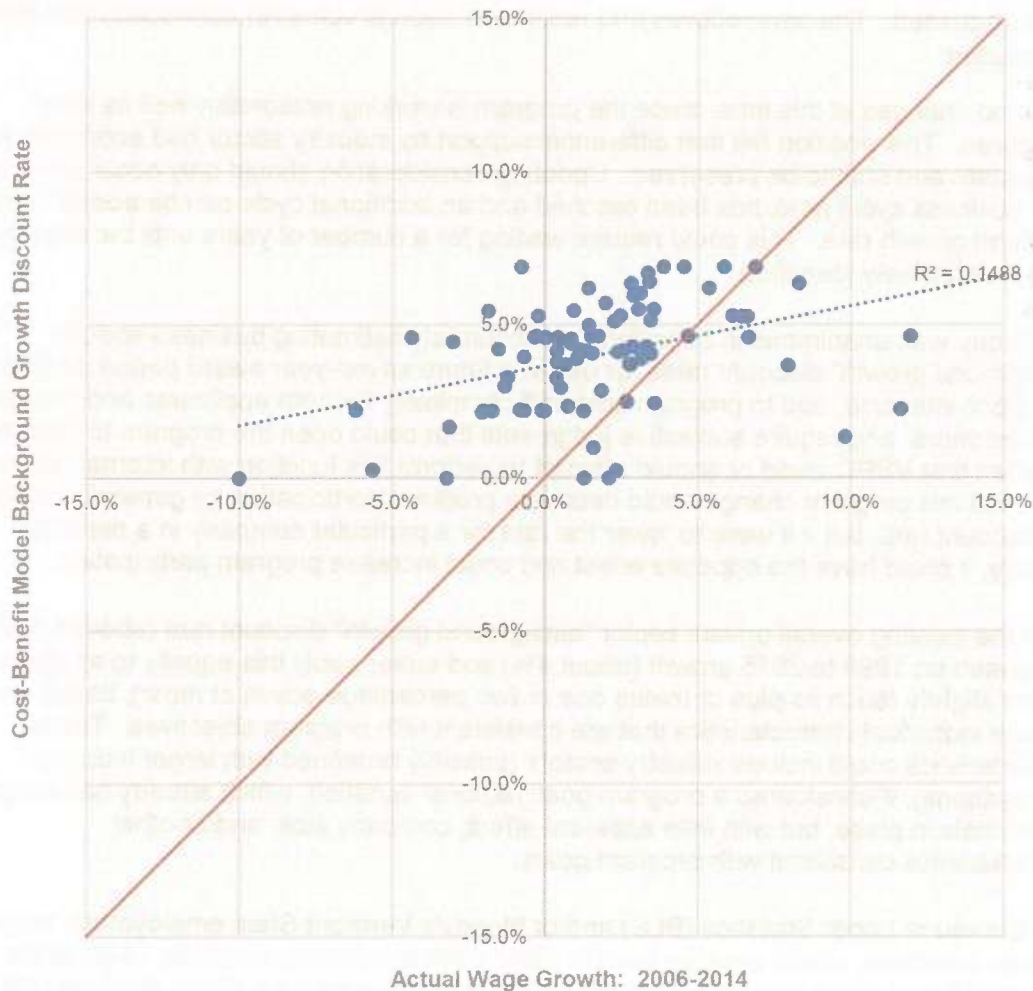
Although the TWG believes the VEGI program has generally functioned well over the past 10 years, three concerns regarding the “background growth” discount rates were discussed:

- 1) The growth differential between industries in a small state such as Vermont can be heavily influenced by a small number of firms. This can create significant volatility in growth rate differentials, depending upon the time period chosen. It is also not clear that it is in the public interest to advantage or disadvantage certain investments simply because they happen to be in slower or faster growing industries. Thus, the advantages and

disadvantages the current discount rates afford firms in different industry sectors are somewhat arbitrary.

- 2) For some of the same reasons noted in the above point, and others, future industry growth differentials can vary significantly from historical long-term differentials. The following scatter plot shows actual 2006-2014 growth relative to those used in the Model between 1990 and 2005. Although the former period includes the recent severe recession, and would thus be expected to be generally lower than the comparison period (all dots to the upper left of the red line bisecting the chart), the distribution by industry is largely random, as indicated by the low trend line correlation. Future growth rates are currently anticipated to be generally lower than the 1990 to 2007 period due to both lower inflation and slower real growth expectations.
- 3) The use of any growth differential as a discount mechanism may disadvantage larger firms, since their bases are larger, and percentage growth achievement may be correspondingly more difficult.

VEGI Cost-Benefit Model Background Growth Discount Rate (Vertical Axis) and Actual Wage Growth 2006-2014 (Horizontal Axis) by REMI industry sector



It should be noted that the 2006 Technical Working Group that originally designed the existing “background growth” discount rates had not intended to measure actual industry or company “background growth” (i.e., growth that would have occurred in the absence of a public subsidy) during the period of award receipt. Because of this, the measures were not constructed using forecasted values of either future wage and salary growth by industry or any individual company’s likely future performance in the absence of an incentive.

They were intended as sector-specific differentials that represented one of several VEGI program features designed to help limit public exposure to fiscal loss from the program and increase the possibility of net fiscal gain to the State. The notion associated with development of this discount rate at the time of program conception was that “the first dollar of investment should not be incented.” By balancing program award expenditures with discounts in the Cost-Benefit Model, rigorous accounting of both benefits and costs in the Model, overall program caps and strict program compliance and oversight, it was believed that the program would have the best possible chance of net State fiscal neutrality.

After evaluation of the question posed and the related source data and program objectives, the TWG did not reach a unanimous recommendation in response to Question 3 or to the three concerns discussed. The perspectives and recommendations voiced in connection with these issues included:

- 1) Make no changes at this time, since the program is working reasonably well as now configured. This position felt that differential support by industry sector had economic value to the state and should be preserved. Updating consideration should only occur when a clear business cycle peak has been reached and an additional cycle can be added to the long-term growth rate. This could require waiting for a number of years until the next cyclical peak is definitively identified.
- 2) The Group was unanimous in believing that accurately estimating business-specific “background growth” discount rates for use in a future seven-year award period could be very labor-intensive, add to program cost and complexity for both applicants and program administrators, and require subjective judgments that could open the program to criticism. None felt that VEPC could or should attempt to perform this function with internal resources. Some felt this program change could decrease program participation by generally raising the discount rate, but if it were to lower the rate for a particular company in a particular industry, it could have the opposite effect and could increase program participation.
- 3) Keep the existing overall private sector “background growth” discount rate (about 4.5%) or a rate based on 1990 to 2015 growth (about 4%) and either apply this equally to all applicants, or vary slightly (such as plus or minus one or two percentage points at most), based on one or more individual characteristics that are consistent with program objectives. These characteristics could include industry sectors (possibly redefined with larger industry aggregations), if considered a program goal; regional variation, which already has program differentials in place, but with little apparent effect; company size; and/or other characteristics consistent with program goals.
- 4) Use Bureau of Labor Statistics (BLS) and/or Moody’s Vermont State employment, wage and inflation forecasts, which are also used in other state forecasting activities, to generate projected future wage and salary growth for the private sector as a single discount rate that

varies over time, by several larger industry subsectors, or both. The overall single rate benchmark could be the same as is now used as the all-industry private sector “background growth” discount rate (4.6%) or some other rate. Annual updates of these values could then be performed with the regular Cost-Benefit Model update. This would have the benefit of being based on an unbiased outside source, allow regular updating, and possibly capture slight changes during both recessionary and expansionary periods, to the extent they were accurately forecast.

Question Four: Whether differential rates in annual average wages or annual average unemployment, defined by labor market area, are appropriate triggers for an incentive enhancement for projects located in, or lower wage threshold for jobs created in, qualifying labor market areas, and whether the margins of error in annual labor market area wage and unemployment rates are within an acceptable range of tolerance for this use.

The foci of this question are the metrics used to determine whether a proposed project area should qualify for an alternative wage threshold or an enhanced award. The alternative wage threshold was added by the Legislature in 2014. The award enhancement is a carry-over from the EATI program that was the precursor to VEGI. There are two parts to the question – are the metrics appropriate? and are the metrics reliable considering known information about error rates?

Reduced Wage Threshold – Background Information

Within the current VEGI program, generally speaking, only newly created jobs paying at or above 160% of the State minimum wage are considered eligible for an incentive. The exception to this is if a project is proposed to locate within predetermined areas thereby reducing the wage threshold to at or above 140% of the State minimum wage. The inclusion of this exception was a policy decision to recognize the variability of economic opportunities across the State or potentially to encourage employers to expand in more economically disadvantaged areas, or both.

Areas are defined by Labor Market Areas (LMAs) which are federally established by the Office of Management and Budget (OMB). Current LMA definitions can be found online at: <http://www.vtlni.info/lmadef2015.pdf>. The criteria for determining whether an LMA qualifies for a reduced wage threshold are based on a comparison between the annual average unemployment rate for the state versus all the LMAs. If an LMA has an annual average unemployment rate greater than the stateside average for the same time period, the area qualifies for the reduced wage threshold (i.e., 140% of State minimum wage). All LMAs with an annual average unemployment rate equal to or lower than the statewide average for the same time period do not qualify for a reduced wage threshold. In these LMAs, only proposed employment opportunities paying at or above 160% of the State minimum wage are qualified to receive an incentive. The annual determination for the areas is completed annually once the previous year's annual average unemployment rate data are made available – typically in March. Unemployment rate data can be found online at: <http://www.vtlni.info/labforce.cfm>.

The TWG has reviewed the appropriateness and reliability of the metrics involved in determining areas eligible for the reduced wage threshold. The past five years (2012-2016) of

determinations were reviewed as part of this deliberation. Here is a summary of the points discussed:

- The unemployment rate is a reasonable and consistent metric for assessing the general economic condition for an area.
- By using the unemployment rate (versus an average industry wage) for an area, the focus on available labor (unemployed persons) is more consistent with the intent of the VEGI program which is considered a "jobs program."
- The unemployment rate comparison excludes a greater number of areas to be eligible for a reduced wage threshold (between 4 and 6 over the past 5 years) versus an annual average wage comparison which would consistently exclude the same three areas (VT part of the Lebanon LMA, the Burlington-South Burlington LMA, and the Barre LMA).
- The error rate associated with the unemployment rate is only available for the statewide metric. As confirmed with U.S. Bureau of Labor Statistics partners, error rates for the unemployment rate for LMAs are not available. The inclusion of an error rate into the determination could either increase or decrease the number of eligible areas depending on how the metric was incorporated.

Conclusion: It is the recommendation of the TWG that using the annual average unemployment rate to determine whether an area is eligible for a reduced wage threshold is both appropriate and reliable. The inclusion of an error rate into the annual determination is not merited from a technical perspective. Therefore, no technical changes are proposed. This recommendation is silent on any proposed changes based on public policy which could decide to increase, decrease, or eliminate any preferential treatment of LMAs determined to be in greater economic distress.

LMA Enhancement – Background Information

In approximately June of each year, an annual determination is performed to determine areas of the State which would be eligible for an "enhanced" award amount. The final decision to enhance or not enhance an award tied to a project in an eligible area is at the discretion of the VEGI Board. An enhanced award increases the initially proposed award amount by allocating all or a portion of the calculated excess revenue benefits of the proposed project from the State to the applicant. As previously stated, an enhanced award amount requires the approval of the VEGI Board.

Unlike the alternative wage threshold, which is based on an annual determination considering only annual unemployment rates, the LMA enhancement annual determination considers the annual average unemployment rates and includes annual average wage by LMA. Specifically, to qualify for the possibility (again it is not automatic; final decision is made by VEPC) of an enhanced award, an LMA must meet one of the following two criteria:

- the annual average unemployment rate for the LMA is greater than the statewide average for the same time period **OR**
- the annual average wage for the LMA is lower than the statewide average for the same time period.

By meeting one of these criteria, an LMA is qualified for the possibility of an enhanced award for projects proposed within the region.

The TWG has reviewed the appropriateness and reliability of the metrics involved in determining areas eligible for an enhanced award. The past five years (2012-2016) of determinations were reviewed as part of this deliberation. Over the five years of analysis, the same three LMAs are the only areas to have not met the second condition related to annual average wage. For the past five years, the VT part of the Lebanon LMA, the Burlington-South Burlington LMA, and the Barre LMA have annual average wages above the statewide metric. Therefore, all other areas qualify for a potentially enhanced award amount based on the second criterion alone as only one of the criteria must be met (an OR versus an AND). The Barre LMA did qualify for a potentially enhanced award amount in 2012, 2013, and 2014 based on the unemployment rate criteria. In 2015 and 2016, with both a lower annual average rate of unemployment and a higher annual average wage versus the State, the Barre LMA did not qualify for the enhancement possibility. Had an error rate been incorporated, it may have influenced the Barre LMA's eligibility in these two years depending on the manner in which it was incorporated. For the enhanced award criteria, no other LMA would have been impacted due to the inclusion of an error rate.

Conclusion: It is the recommendation of the TWG that using the annual average wage rate and the annual average unemployment rate to determine whether an area is eligible for a potentially (requires board approval) enhanced award amount is both technically valid and reliable. The inclusion of an error rate into the annual determination is not merited from a technical perspective. No technical changes are proposed. This recommendation is silent on any proposed changes based on public policy which could decide to increase, decrease, or eliminate any preferential treatment of LMAs determined to be in greater economic distress.

Final remarks: The above recommendations have looked at the metrics used to determine eligibility for the reduced wage threshold and an enhanced award in isolation. Taking a step back, the TWG acknowledges from an administrative standpoint, it would be easier to have the annual determination criteria for the two program variations the same. It would require a public policy discussion and decision to decide if the annual determination criteria needed to be aligned as it would impact the regional incentives/disincentives of potential projects.

Appendix – Statutory Charge

2016 Act No. 157 An act relating to miscellaneous economic development provisions

Sec. H.14. VERMONT EMPLOYMENT GROWTH INCENTIVE PROGRAM; TECHNICAL WORKING GROUP REVIEW

(a) On or before August 15, 2016, the Joint Fiscal Committee shall convene a Vermont Employment Growth Incentive Program Technical Working Group that shall consist of the following members, as designated by the Committee:

- (1) the legislative economist or another designee from the Joint Fiscal Office;
- (2) a policy analyst from the Agency of Commerce and Community Development;
- (3) an economic and labor market information chief from the Department of Labor; and
- (4) a fiscal analyst from the Department of Taxes or the State economist.

(b) The Group shall review the following questions relating to the Vermont Employment Growth Incentive Program:

- (1) whether the cost-benefit model is effectively utilized;
- (2) whether the inputs to the cost-benefit model should be adjusted for those applicants who assert that but for the incentive the scale or timing of the project would change;
- (3) whether the Program can integrate the use of business-specific background growth rates in addition to, or in place of, industry-specific background growth rates; and, if industry-specific background growth rates are recommended, a methodology to review, calculate, and set those rates routinely; and
- (4) whether differential rates in annual average wages or annual average unemployment, defined by labor market area, are appropriate triggers for an incentive enhancement for projects located in, or lower wage threshold for jobs created in, qualifying labor market areas, and whether the margins of error in annual labor market area wage and unemployment rates are within an acceptable range of tolerance for this use.

(c) On or before January 15, 2017, the Group shall submit a report of its findings and conclusions to the Joint Fiscal Committee, the Vermont Economic Progress Council, and the House Committees on Commerce and Economic Development, on Ways and Means, and on Appropriations, and to the Senate Committees on Economic Development, Housing and General Affairs, on Finance, and on Appropriations.

November 11, 2016

Senator M. Jane Kitchel, Chair, and Members
Legislative Joint Fiscal Committee
State of Vermont General Assembly
One Baldwin Street
Montpelier, VT 05633-5701

Dear Senator Kitchel,

Thank you for the opportunity to provide additional information regarding the Vermont State Colleges System's fiscal year 2017 supplemental budget appropriation.

As you are aware, during the 2016 Legislative session, in addition to the System's base appropriation, the General Assembly provided an additional \$700,000 "to increase need-based aid for Vermont students." Sec. E.602.1 (a) further stated:

The Community College of Vermont shall use funds allocated to them from this appropriation for a college Step Up program. The Chancellor shall provide a written report to the Joint Fiscal Committee in November 2016 on how these funds are to be used for this purpose for the 2016–2017 school year and the plan to continue use of these funds for this purpose in future years.

I am pleased to report that our institutions collectively are aiding 345 Vermont students with these funds. This funding has been helpful in improving both access and retention of Vermont students toward attainment of degrees of value.

In accordance with the System's Annual Operating Budget policy, each of the five institutions in the System – Castleton University, the Community College of Vermont, Johnson State College, Lyndon State College, and Vermont Technical College – was apportioned one-fifth, or \$140,000 of this appropriation.

A brief description of how these funds were applied on each campus follows.

Castleton University

Castleton University used the additional \$140,000 in aid from the state appropriation to support the persistence of returning Vermonters. The scholarship was awarded to 57 students who had financial need in excess of their expected family contribution. The renewable scholarship amount was between \$1,000 and \$2,500 per year. The amount varied based on student need, commitment to service and the academic profile of the recipient.

In addition to the \$140,000 provided by the State of Vermont, Castleton University increased its financial aid pool by approximately \$660,000 for the year, an amount shared by both Vermonters and non-Vermonters.

Community College of Vermont

CCV was directed to use its allocation to expand the Man Up program. The expanded Man Up program, Move Up802, incorporates best practices that support student enrollment, retention, and college completion. This year Move Up802 will support the success of 50-56 Vermonters; first generation students aged 17-26 are the priority population for this program. In fall 2016, Move Up802 is supporting 33 students in Chittenden, Rutland, and Lamoille Counties. We are currently recruiting students for the spring 2017 cohort.

Move Up802 participants are co-enrolled in contracted sections of CCV's required first semester seminar course and a learning skills lab, tuition-free. Move Up802 students receive strategic, intensive, supportive, one-on-one academic advising relationships. Further, micro-scholarships totaling up to \$1,500 are awarded after students have accessed requisite student services such as new student orientation, career services, mid-term advising, and work-based learning experiences. Researchers have found that students who received micro-scholarships in a semester "enrolled in more courses and did better academically in future semesters than a control group...who received no incentives."

CCV is very pleased to share that 97% of the fall participants continue to be enrolled in their courses. Early indicators suggest the program is incredibly impactful. A press conference with the Governor is being prepared for December on this initiative.

Johnson State College

Johnson State College used the additional \$140,000 in aid from the state appropriation to support the persistence of returning Vermonters. The scholarship was awarded to 52 students who had financial need in excess of their expected family contribution. The scholarship amount was between \$2,000 and \$4,500 annually per year. The amount varied based on both student need and the academic profile of the recipient.

In addition to the \$140,000 provided by the State of Vermont, Johnson State College increased its financial aid pool by approximately \$320,000 for the year, an amount shared by both Vermonters and non-Vermonters.

Lyndon State College

Lyndon State College used \$349,000, comprised of its \$140,000 share of the state appropriation plus an additional \$209,000 of its own funds, to support both recruitment and retention of Vermont students.

Specifically, Lyndon awarded 85 academic scholarships of up to \$2,000 apiece through its newly-created “Vermont Vision” and “Hornet Achievement” scholarship programs. Vermont Vision Scholarships were targeted toward students in degree programs most frequently chosen by Vermonters, including Business Administration, Education, Psychology and Human Services, and Social Sciences. Hornet Achievement Scholarships were targeted toward Lyndon’s well known and highly regarded professional programs such as Atmospheric Sciences, Electronic Journalism Arts, and Music Business and Industry. Both scholarship programs required students to have a minimum grade point average of 80%.

Vermont Technical College

Vermont Tech used the additional \$140,000 state appropriation to support the persistence of Vermont students and to help reduce loan debt. The scholarship was awarded to 119 students, with an average award of \$1,150, and 56% of the students are from a high need, Pell-eligible population. Their primary focus was to help students in a positive way in an effort to minimize the burden of loans. 70% of the students and/or families awarded had taken on additional loans through either a Parent Loan or Alternative Private Loan in combination with their Direct Sub and Unsubsidized loans.

Conclusion and Next Steps

As demonstrated by the initiatives undertaken by each of the System’s institutions, I believe the \$700,000 appropriation has been effective in achieving the stated goal of providing need-based aid to Vermont students.

In order to continue this initiative, the System has asked for \$1,456,000 as part of our fiscal year 2018 budget request to the Administration. This amount represents an increase of \$756,000 over the \$700,000 appropriated in fiscal year 2017. The rationale for this increase is that in order to continue with the level of funding necessary to retain existing students, we will need to account for the System-average tuition increase of 4% by increasing last year's funding amount from \$700,000 by \$28,000, to \$728,000. Then, in order to provide assistance to an additional similar-sized cohort of students, we would need an additional \$728,000. We anticipate that this funding would need to similarly increase for two more fiscal years to sustain funding for a cohort of traditional four-year baccalaureate degree-seeking students, at which point the graduating senior class would release resources which could then be applied to incoming freshman. A pro-forma multi-year appropriation, assuming approximately 4% annual tuition increases, would be as follows:

Description	FY2017	FY2018	FY2019	FY2020	FY2021
Base Appropriation	700,000	700,000	1,456,000	2,271,360	3,149,619
Tuition Increase (4%)	-	28,000	58,240	90,854	125,985
Additional Student Cohort	-	728,000	757,120	787,405	-
Total Level of Effort Required	700,000	1,456,000	2,271,360	3,149,619	3,275,604


By fiscal year 2021, an appropriation of approximately \$3.3 million with modest annual inflationary increases would sustain this initiative going forward. However, it is important to note that the majority of System students require more than four years to attain a bachelor's degree. In addition, the colleges have used this funding both to attract new incoming freshman and transfer students, and to retain existing sophomores, juniors and seniors.

Finally, I note that the System's overall budget request for fiscal year 2018 includes a \$4 million increase to the System's base appropriation, in addition to the \$1.456 million to sustain this initiative. Over the past year the System has worked with its collective bargaining unit partners to achieve significant permanent savings in benefits, including the introduction of a high deductible health plan (mandatory for new employees, optional for existing employees) and a substantial reduction to its defined contribution plan. We have also commenced consolidating System-wide back office functions. We anticipate an eventual \$3 million in permanent annual structural savings from these initiatives. Finally, we have begun the formal process of unifying Johnson State and Lyndon State into a single, larger and stronger northern Vermont university.

In summary, the System is doing its part to operate more efficiently and to pursue needed change. Despite these initiatives, however, we are still struggling against demographically-driven enrollment declines and a long period of level State funding, which is only now beginning to be rectified. This \$4 million is critically necessary to assist the System in closing its structural operating deficit.

Should you have any questions regarding this report, please feel free to email me at jeb.spaulding@vsc.edu, or contact me by phone at 224-3001. I look forward to discussing the System's budget request and working constructively with you in the coming Legislative session.

Sincerely,



Jeb Spaulding, Chancellor



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Commissioner's Office
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Agency of Human Services

Memorandum

To: Joint Fiscal Committee
From: Ken Schatz, Commissioner, Department for Children & Families
Re: CCFAP Report
Date: November 10, 2016

We respectfully submit for your review, the requested information regarding the Child Care Financial Assistance Program (CCFAP) in Act 172.

Here is the excerpt for your reference:

Sec. E.318 CHILD CARE SERVICES PROGRAM (a) The Department for Children and Families shall report at the November 2016 meeting of the Joint Fiscal Committee on the status of the Child Care Financial Assistance Program (CCFAP) caseload, the caseload projection, and available funding. The Department shall report on the number and size of programs accepting child care subsidies in each AHS region and on the number of children residing in each AHS region participating in child care subsidies.

Please be in touch with the DCF's legislative liaison, Karen Vastine, if you have questions.



Child Care Financial Assistance Program (CCFAP) Joint Fiscal Office Report

Budget and Caseload Data

November 14, 2016

Background:

The Child Care Financial Assistance Program (CCFAP) helps eligible families with the cost of child care. Payments are made directly to child care providers. The families' eligibility and benefit level are determined by the family's size and income level. Payment amounts are determined by the age of the child, type of program, and quality (STep Ahead Recognition System - STARS) rating.

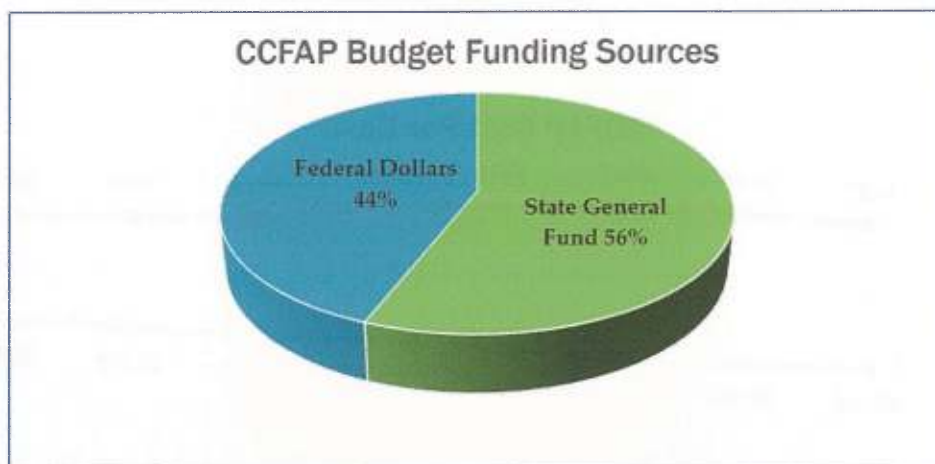
The Goals of CCFAP are to:

- Help eligible families pay for child care that meets their needs and promotes the best possible development for their children;
- Support a system of good quality child care service that is readily available to Vermont's children and Families; and
- Increase access to high-quality, sustainable early care and learning and after school services in Vermont that are developmentally beneficial for children and strengthen families. The program is funded through a combination of state and federal funds and promotes participation in high quality programs for assisted families.

Funding Sources:

CCFAP is funded through a combination of state and federal funds. The federal funds include Title IV-E, IV-B, the Child Care Development Fund, and the Social Services Block Grant. The state funds used for CCFAP leverage these federal dollars for additional programs for Department for Children and Families (DCF).

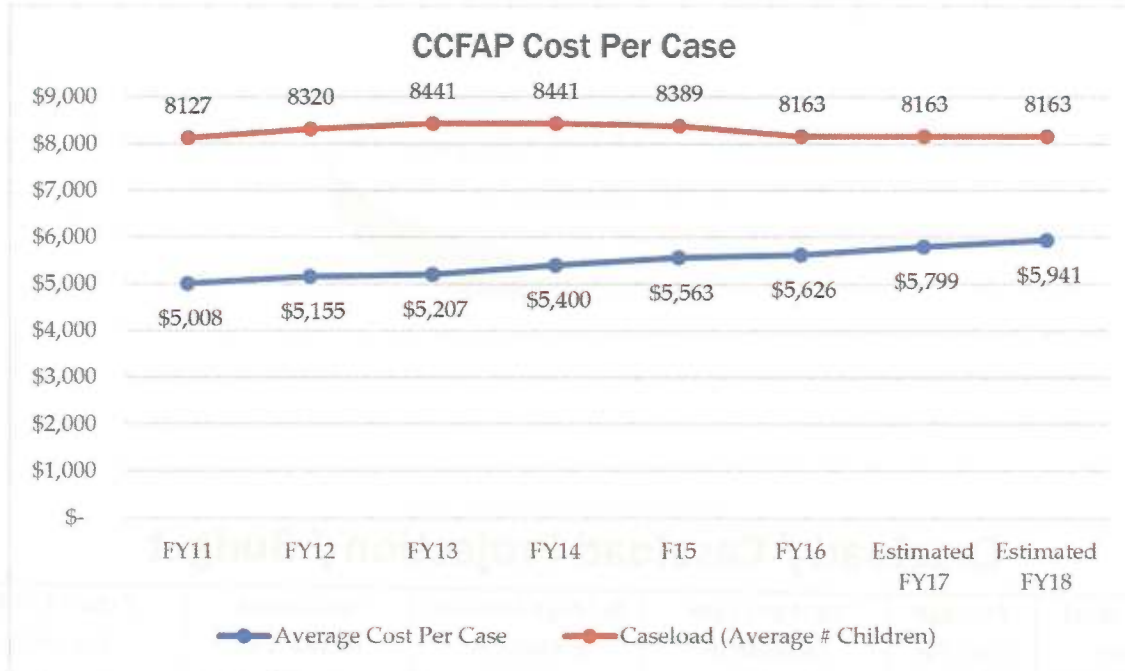




Caseload / Caseload Projection / Budget

State Fiscal Year	Average Cost Per Case	Cost per case increase or projected increase	Average Number of Children	Percentage Increase in Number of Children	Actual CCFAP Spending
FY10					\$ 36,800,000
FY11	\$ 5,008		8,127		\$ 40,606,078
FY12	\$ 5,155	2.90%	8,320	2.40%	\$ 42,705,081
FY13	\$ 5,207	1.00%	8,441	1.50%	\$ 44,103,590
FY14	\$ 5,400	3.70%	8,441	0.00%	\$ 45,730,270
F15	\$ 5,563	3.02%	8,389	-0.01%	\$ 46,671,725
FY16	\$ 5,626	1.20%	8,163	-2.69%	\$ 45,925,571
Est. FY17	\$ 5,799	2.84%	8,163	0.00%	\$ 47,340,764
Est. FY18	\$ 5,941	2.44%	8,163	0.00%	\$ 48,495,879



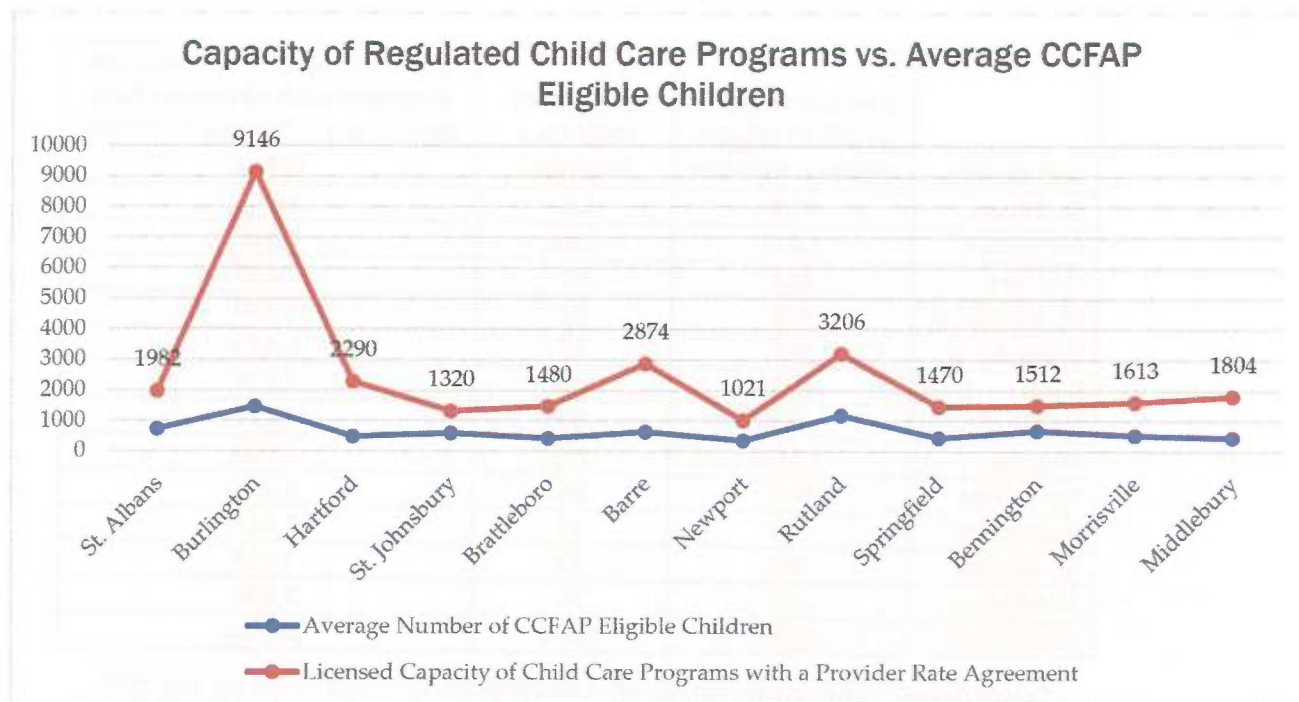


The CCFAP cost per child has been increasing each year. The increase in cost is attributed to more children authorized for child care who are in protective custody with the Department for Children and Families; of those children, many are infants and toddlers where tuition rates are higher. In addition, more families are choosing higher quality child care options.

During Spring 2016, the Vermont Legislature approved an additional one million dollars for CCFAP benefits. Changes due to this increase were implemented August 21, 2016 and will improve benefits for parents in three ways:

- An increase in infant rates for both licensed and registered programs.
- An adjustment in the income guidelines, moving the guidelines from the 2014 Federal Poverty Level, to the current 2016 Federal Poverty Level.
- Support for families gradually transitioning off CCFAP by moving the income guideline to 300% of the Federal Poverty Level for families receiving 10% of the Child Care Financial Assistance Rate.





Number and Capacity of Child Care Programs vs. Average CCFAP Eligible Children

AHS District	Average Number of CCFAP Eligible Children for FY16	Number of Child Care Programs	Licensed Capacity of Child Care Programs with a Provider Rate Agreement Indicating Accepting CCFAP
St. Albans	738	130	1,982
Burlington	1,472	231	9,146
Hartford	490	81	2,290
St. Johnsbury	606	62	1,320
Brattleboro	435	55	1,480
Barre	644	138	2,874
Newport	365	69	1,021
Rutland	1,186	115	3,206
Springfield	453	54	1,470
Bennington	690	75	1,512
Morrisville	538	71	1,613
Middlebury	451	76	1,804
Grand Total	8,071	1,157	29,718

** Data Notes: The average number of CCFAP eligible children is based on a monthly attendance data extract from Bright Futures Information System (BFIS) that is averaged for state fiscal year 2016. The provider data represents programs as of October 31, 2016, as extracted from BFIS. The programs have completed a Provider Rate Agreement indicating that the program is willing to enroll children eligible for CCFAP.*





State of Vermont
Agency of Administration
Department of Finance & Management
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Andrew Pallito, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Andrew Pallito, Commissioner of Finance & Management
DATE: October 18, 2016
RE: Excess Receipts Report – 32 VSA Sec 511

In accordance with 32 VSA Sec 511, please find attached the report on Excess Receipts approved for expenditure through the first quarter of FY 2017 (7/1/2016 through 9/30/16). The full text of the governing statute is provided at the end of this memo.

Review Process

The Administration goes through an extensive application and approval process for allowing expenditure of excess receipts. The form required of departments can be found at: http://finance.vermont.gov/sites/finance/files/pdf/forms/budget/Excess_Receipts_Form.doc (at <http://finance.vermont.gov/forms> under the "Budget" category). The form requires information to ensure that the approval does not overstep statutory guidelines. Requests that overstep the statutory guidelines are denied, and/or where appropriate are held for the legislative budget process.

Departments are required to provide written answers to the following questions (although only the response to the first question is entered into the VISION database):

- Reason funds are available?
- Do you anticipate additional funds from the same source available in this fiscal year and above current appropriation?
- Is this increase one-time or at an ongoing level?
- Why were funds not fully budgeted during budget development?
 - What is the current year appropriation or grant amount approved by the Joint Fiscal Committee for this fiscal year, from this source of funds for this purpose?
- If these are ongoing funds, will funds from this source be fully budgeted and appropriated next fiscal year?
- Were excess receipts requested from this source in the preceding two fiscal years? If so, explain why they were not budgeted?
- Are these excess receipts being received from another department (i.e., interdepartmental transfers)? If so, are they appropriated in that department or will excess receipts be required there as well?



- Relationship, if any, to the Budget Adjustment Act?
- Can excess receipts be used to reduce the expenditure of State funds?
- **Will excess receipts establish or increase the scope of a program, committing the State at any time to expend State funds?** [The form notes that in such instances, legislative approval is required.]
- What specifically will excess receipts be used for? What is the impact on programs if this excess receipt request is not approved?
- Are any of the excess receipts to be used for your department's administrative, staff or operating expenses? If so, explain.
- Is there any matching fund requirement due to excess receipts? If so, where is the match found in your budget?
- If excess receipts are earned federal receipts, is excess receipt being spent in the same (federal) program where the excess receipts are earned? If not, explain.
- Has the excess receipt been received and deposited? If no, what date are funds expected?
- If approved, when will the expenditure of this excess receipt first occur?

The VISION entry normally includes only the response to the first question – why are additional receipts available? However, for any individual Excess Receipt Request, we can provide the full paper copy of the form, listing all the department's responses.

Broad Categories of Excess Receipt Requests

Requests for expenditure of excess receipts generally fall into several broad categories:

Interdepartmental Transfers: It is not uncommon for one State department ("Department A") to purchase services from another State department ("Department B"). In that instance, Department A budgets these expenditures just as they would any other type of expenditure: by type of expenditure and by the source of revenue that will fund these expenditures. Department B also budgets these expenditures, and identifies the source of revenue as "interdepartmental transfers." This process results in a small amount of "double-booking" of spending authority but ensures that both departments have the necessary spending authority. In many cases, at the time of budget development, Department A has not yet decided from where to purchase the services in question, so Department B does not budget the interdepartmental transfer revenues. When Department A moves forward to contract for services with Department B after the budget has closed, then Department B must request an Excess Receipts approval for the additional spending authority to perform the services.

Federal Funds: Departments estimate their likely federal receipts in the fall for the upcoming budget year, meaning the estimate is as much as nine-months old at the start of the budget year, and another 12 months older by the end of the budgeted fiscal year. As a result, more recent developments may mean that the budgeted federal spending authority is insufficient, either because the current federal award for an existing grant has been increased, or there is spending authority from grants from earlier federal fiscal years that can be used in the current year. Additionally, extraordinary events – such as the federal American Recovery and Reinvestment Act (ARRA) or federal aid to Vermont due to Tropical Storm Irene – may cause large – and unanticipated -- spikes in federal receipts.

Other: There are over 200 different special funds created under State law, in which are deposited fees, user charges, penalties, specified taxes, etc. Departments estimate how much they will collect each year for each of these special funds, and base their spending plans accordingly. However, for the same reasons noted above, the actual collections for these revenues may be higher than the original budget. Excess receipts may also be used in an instance where prior-year special fund spending authority was not utilized and needs to be created again in the subsequent year (similar to a carry-forward). It should be noted that in addition to the restrictions in the excess receipts statute, each special fund has its own statutory restrictions that prevent the funds being used for other than their intended purposes and programs.

Attached Report:

The attached report is a cumulative list of approved excess receipt requests for the current fiscal year. It includes ALL the data entered in VISION for that transaction, including:

- Agency/Department name
- Appropriation name and "DeptID"
- Transaction date
- Fund source – name and fund number
- Amount
- Comments in response to question: "Why are funds available?" (VISION allows for a limited number of characters per cell entry.)

The data are sorted into the three broad categories of requests discussed above.

Governing Statute:

32 V.S.A. § 511. EXCESS RECEIPTS

If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended on the approval of the commissioner of finance and management. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the state to the expenditure of state funds, they may only be expended upon the approval of the legislature. Excess federal receipts, whenever possible, shall be utilized to reduce the expenditure of state funds. The commissioner of finance and management shall report to the joint fiscal committee quarterly with a cumulative list and explanation of the allocation and expenditure of such excess receipts.

FY 2017 Excess Receipts Report - Q1 Cumulative - Run 10-18-2016

VT_EXCESS_RECEIPT_RPT		67					
Agency/Dept Name	Appropriation Name	Deptid	Date	Fund	Fund Name	Amount	Comments
Federal Funds (including "Regular" ARRA) Excess Receipts:							
Forests, Parks & Recreation	Lands Administration	6130040000	8/2/2016	22005	Federal Revenue Fund	1,300,000.00	Federal funds from Forest Legacy program for the acquisition of the Backus and Bullard properties
Human Services Agency	Secretary's Office Admin Costs	3400001000	9/14/2016	22005	Federal Revenue Fund	2,650,000.00	AA-1 JFC# 2668 dated 3/24/14 approved during SFY14 in March for the Race to the Top Early Learning Challenge Grant
Human Services Agency	Secretary's Office Admin Costs	3400001000	9/14/2016	22005	Federal Revenue Fund	4,250,000.00	AA-1 JFC #2622 dated 5/9/2013 approved during SFY13 for the State Innovation Model grant.
Women's Commission	Commission on Women	3310000000	7/28/2016	22005	Federal Revenue Fund	173,794.00	Federal grant from US Dept of Labor to conduct a comprehensive Paid Family & Medical Leave Feasibility Study for the State of VT.
Military	MIL Vet Affairs Office	2150050000	7/19/2016	22005	Federal Revenue Fund	2,328,130.27	Re-establishment of federal funds allotted to VT for multi-year federally funded Veterans Cemetery Expansion.
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						10,701,924.27	
Interdepartmental Transfer Excess Receipts:							
Transportation Agency	Department of Motor Vehicles	8100002100	9/13/2016	21500	Inter-Unit Transfers Fund	50,000.00	Funds available from Grant #NH16405C-710, 2016 E-Citation Printers.
Transportation Agency	Policy and Planning	8100002200	8/11/2016	21500	Inter-Unit Transfers Fund	232,994.00	Fund from Grant #02140-34000-118B, State Hazard Mitigation Plan Update.
Tourism & Marketing	Dept. of Tourism & Marketing	7130000000	9/15/2016	21500	Inter-Unit Transfers Fund	135,107.00	FY16 Remaining Cash Balance of: Act 51, 2015 session Sec.G.10.(a)(3) Economic Marketing Development Fund
Commerce & Community Dev Agency	Administration Division	7100000000	9/13/2016	21500	Inter-Unit Transfers Fund	205,442.29	FY13 and FY15 Capital Bill for Orthophoto program appropriated to tax dept, program moved under ACCD/CGI admin in FY16.
Forests, Parks & Recreation	Lands Administration	6130040000	8/2/2016	21500	Inter-Unit Transfers Fund	50,000.00	Funds from VHCB for long-range management projects.
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21500	Inter-Unit Transfers Fund	40,000.00	IDT funds from DEC and PSD
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21500	Inter-Unit Transfers Fund	15,000.00	IDT funds from DEC and PSD
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21500	Inter-Unit Transfers Fund	22,000.00	IDT funds from DEC and PSD
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21500	Inter-Unit Transfers Fund	29,445.00	IDT funds from DEC and PSD
Forests, Parks & Recreation	Administration	6130010000	8/2/2016	21500	Inter-Unit Transfers Fund	300,000.00	Funds from FEMA disaster assistance received through VTrans.

FY 2017 Excess Receipts Report - Q1 Cumulative - Run 10-18-2016

VT EXCESS RECEIPT RPT 67							
Agency/Dept Name	Appropriation Name	Deptid	Date	Fund	Fund Name	Amount	Comments
Agriculture, Food&Mrkts Agency	Plant Industry, Labs & CA Div	2200040000	9/27/2016	21500	Inter-Unit Transfers Fund	26,664.00	Funding from the CDC provided through Vt Dept of Health in support of arbovirus surveillance.
Attorney General's Office	Attorney General's Office	2100001000	9/22/2016	21500	Inter-Unit Transfers Fund	100,000.00	Funds available per Emergency Board meeting on 7/21/16 and 2016 Act 172, Sec. B.139
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/5/2016	21500	Inter-Unit Transfers Fund	10,000.00	Room rentals
Joint Fiscal Office	Joint Fiscal Committee/Office	1220000000	8/24/2016	21500	Inter-Unit Transfers Fund	173,437.50	Act 26 of 2015, Sec. 36(d): Funds moved to 21500 by F&M in FY16 and additional funds to 21500 by AHS in FY17
Subtotal Interdepartmental Transfer Excess Receipts						1,390,089.79	
Special Fund Excess Receipts:							
Transportation Agency	Policy and Planning	8100002200	9/13/2016	20155	Transportation-FRA Fund	20,000.00	Funds from a MOA between Vt Agency of Transportation and Mass Dept of Transportation
Transportation Agency	Rail	8100002300	8/24/2016	20165	Transportation Other Fed Funds	163,717.25	Funds are the FY16 remaining balance from a Northern Border Regional Commission Grant
Treasurer's Office	Office of the Treasurer	1260010000	7/12/2016	21003	Financial Literacy Commission	12,000.00	Pursuant to 9 V.S.A. Chapter 151 Section 6004 Financial Literacy Commission Fund
Human Resources-Gov'tal	DHR - VTHR Operations	1120080000	9/27/2016	21005	FMS System Development Fund	307,903.00	Funds in the FMS Development fund to support the requirements gathering and documentation of a contract with KPMG.
Environmental Conservation	Water Programs Appropriation	6140040000	8/3/2016	21313	Ecosystem Rest & Water Quality	175,000.00	New fund created by statute
Commerce & Community Dev Agency	Administration Division	7100000000	9/13/2016	21330	Municipal & Regional Planning	85,787.47	Several significant multi-agency projects are in the planning and requirements gathering phases for Property Parcel Mapping Program.
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21475	Natural Resources Mgmt	4,233.57	Reestablish spending authority from JFO 2734 to accept grant funds from The Nature Conservancy to create the Forster I limited service position.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	9/27/2016	21493	VT Working Lands Enterprise	175,000.00	Donations made in FY2016 and approved via JFO's 2807-2809
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21525	Conference Fees & Donations	8,000.00	Funds available from Waterbury Area Trail Alliance, American Forest Foundation, and anticipated from Urban & Community Forestry workshop fees.

FY 2017 Excess Receipts Report - Q1 Cumulative - Run 10-18-2016

VT_EXCESS_RECEIPT_RPT		67					
Agency/Dept Name	Appropriation Name	Deptid	Date	Fund	Fund Name	Amount	Comments
Forests, Parks & Recreation	Administration	6130010000	8/2/2016	21525	Conference Fees & Donations	5,000.00	Funds available from Waterbury Area Trail Alliance, American Forest Foundation, and anticipated from Urban & Community Forestry workshop fees.
Forests, Parks & Recreation	Administration	6130010000	8/2/2016	21525	Conference Fees & Donations	14,869.00	Funds available from Waterbury Area Trail Alliance, American Forest Foundation, and anticipated from Urban & Community Forestry workshop fees.
Buildings & Gen Serv-Gov'tal	BGS-Administrative Services	1150100000	8/9/2016	21526	Governor's Portrait & Frame	20,000.00	Funds for Governor's Portrait & Frame Fund
Forests, Parks & Recreation	Administration	6130010000	8/2/2016	21550	Lands and Facilities Trust Fd	150,000.00	Funds from the receipts in the lands and facilities trust funds that FPR has authority to use per statute.
Transportation Agency	Public Assistance Program	8100005500	9/22/2016	21555	Emergency Relief & Assist Fd	1,500,000.00	FEMA disaster declaration FEMA-4022-DR-VT. ERAF funds provide state match for the FEMA funds.
Transportation Agency	Public Assistance Program	8100005500	9/13/2016	21555	Emergency Relief & Assist Fd	400,000.00	FEMA disaster declaration FEMA-4022-DR-VT.
Public Safety	DPS-Emergency Management	2140030000	8/4/2016	21555	Emergency Relief & Assist Fd	173,324.00	This funding is granted to locals for completing Public Assistance projects.
Forests, Parks & Recreation	Forestry	6130020000	8/2/2016	21584	Surplus Property	3,662.72	Funds were received from the sale of assets
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21584	Surplus Property	(10,452.00)	Payor mix change during the year
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21584	Surplus Property	10,452.00	Payor mix change during the year
Military	MIL BLDG Maint&Armory Caretr	2150040000	8/24/2016	21584	Surplus Property	24,212.13	Proceeds from the sale of vehicles
Attorney General's Office	Attorney General's Office	2100001000	8/29/2016	21584	Surplus Property	2,659.31	Proceeds from the sale of vehicle at AOT spring auction
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	8/5/2016	21603	Motorist Aid Refreshment Prog	130,000.00	Funds from donations made by motorists at Info Centers.
Buildings & Gen Serv-Capital	BGS-Various Property Sales	904300250	8/2/2016	21613	BGS-Sale of State Land	9,403.51	Replenish spending authority as of 6/30/16
Agriculture, Food&Mrkts Agency	VT Ag & Environmental Lab	2200150000	7/19/2016	21667	AF&M-Laboratory Testing	50,415.57	To reestablish funding originally approved on ER255 on 4/12/16. Funding to cover PO from FY16 was not able to be rolled to FY17.
Buildings & Gen Serv-Capital	VT Expo major Maint 51/14(a)	1305100141	8/2/2016	21682	AF&M-Eastern States Building	46,628.04	Replenish spending authority as of 6/30/16
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21767	Vets Home-Private Pay	(907,320.00)	Payor mix change during the year
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21767	Vets Home-Private Pay	907,320.00	Payor mix change during the year
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21768	Vets Home-Dom Applied Income	(104,788.00)	Payor mix change during the year
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21768	Vets Home-Dom Applied Income	104,788.00	Payor mix change during the year

FY 2017 Excess Receipts Report - Q1 Cumulative - Run 10-18-2016

VT_EXCESS_RECEIPT_RPT 67							
Agency/Dept Name	Appropriation Name	Depld	Date	Fund	Fund Name	Amount	Comments
Forests, Parks & Recreation	Vt Youth Conservation Corps	6130080000	8/2/2016	21779	FPR-Youth Conservation Corps	300,000.00	Funds from a cash assistance MOA between FPR and VYCC.
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21785	New York Medicaid	(870,389.00)	Payor mix change during the year
Veterans' Home	VERMONT VETERANS' HOME	3300010000	7/8/2016	21785	New York Medicaid	870,389.00	Payor mix change during the year
Education Agency	Education Services	5100070000	8/24/2016	21848	ED-Private Sector Grants	30,300.00	Carryover funds and new awards approved by JFO before the end of FY16, but were not known at FY17 budget development time.
Education Agency	Education Services	5100070000	8/24/2016	21848	ED-Private Sector Grants	27,372.00	Carryover funds and new awards approved by JFO before the end of FY16, but were not known at FY17 budget development time.
Education Agency	Education Services	5100070000	8/24/2016	21848	ED-Private Sector Grants	90,000.00	Carryover funds and new awards approved by JFO before the end of FY16, but were not known at FY17 budget development time.
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/5/2016	21870	Misc Special Revenue	10,000.00	Room rentals
Libraries	Department of Libraries	1130030000	9/29/2016	21870	Misc Special Revenue	6,000.00	Funds from billings to CCV for their portion of Learning Express Library Database
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	8/5/2016	21889	Risk Manage Ag Producers	59,964.00	Grant from VT Low Income Trust for electricity accepted through JFO via #2688
Public Service Department	Regulation & Energy Efficiency	2240000000	7/28/2016	21899	Connectivity Fund	2,552,153.36	VT Telecommunications Authority
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	7/19/2016	21908	Misc Grants Fund	9,750.00	Grant from Agricultural Safety & Health Council of America: JFO #2825 approved 6/20/16
Administration Agency	Secretary of Administration	1100010000	7/28/2016	21908	Misc Grants Fund	194,723.16	Grant award from the Permanent Fund for VT's Children. To provide staff and consulting support of the Blue Ribbon Commission on Child Care.
Military	MIL Vet Affairs Office	2150050000	9/1/2016	21924	Vermont Veterans Fund	71,500.00	Proceeds from tax return donations
Agriculture, Food&Mrkts Agency	Water Quality Programs	2200891602	7/19/2016	21933	Agricultural Water Quality	873,384.33	Remaining funds from 2015 Act 64 Section 42
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	8/10/2016	21936	Information Center Revenues	102.72	Receipts come from advertisement marketing panels placed in Info Centers around the state
Economic Development	STEM Incentive	7120891602	8/5/2016	21992	Next Generation Initiative Fnd	129,000.00	One-time appropriations for FY2016 carry forward
Economic Development	STEM Incentive	7120891502	8/5/2016	21992	Next Generation Initiative Fnd	63,600.00	One-time appropriations for FY2016 carry forward
Agriculture, Food&Mrkts Agency	Lg Animal Vet Loan Forgive	2200891601	7/19/2016	21992	Next Generation Initiative Fnd	18,593.02	Remaining one-time appropriation - grant agreement exists fully obligating funds

FY 2017 Excess Receipts Report - Q1 Cumulative - Run 10-18-2016

VT_EXCESS_RECEIPT_RPT		67					
Agency/Dept Name	Appropriation Name	Deptid	Date	Fund	Fund Name	Amount	Comments
Transportation Agency-Prop	Central Garage	8110000200	8/24/2016	57100	Highway Garage Fund	70,692.17	Funds are the unexpended balance in the equipment replacement account at the end of FY16. Funds will be used for equipment purchases per Title 19, Sec. 13 (c)
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						7,988,950.33	
TOTAL:						20,080,964.39	



State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401

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Agency of Administration

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Andrew Pallito, Commissioner, Department of Finance and Management
RE: Report on FY 2017 Pay Act Allocations (per 3 VSA Sec 2281 (4))
DATE: November 14, 2016

A handwritten signature in blue ink, appearing to read "A. Pallito", is written over the "FROM" line of the memorandum header.

Please find attached the report on distribution of the FY 2017 Pay Act, along with these explanatory comments.

The FY 2017 Pay Act appropriations for the Executive Branch were made in 2016 Act 172 Sec. F10(a)(1)(A) [\$8,520,586 General Fund] and Sec. F10 (a)(1)(B) [\$1,850,000 Transportation Fund]. The Judicial Branch is appropriated \$938,216 General Fund in Sec. F10 (b)(2)(A), and the Legislative Branch is appropriated \$239,000 General Fund in Sec. F10 (c)(1). In 2016 Act. 172 Sec. F10(a)(1)(A)(i) the executive branch is required to reduce the pay act appropriation by \$300,000 through a reduction in the use of overtime.

Of the executive pay act amount described above, \$602,500 is committed to various non-salary items stipulated by the VSEA contract.

Please note that in all cases the agreed-upon FY 2017 salary adjustments are being considered and addressed in the development of the proposed FY 2018 appropriations. Final Pay Act transfers occur near the end of the fiscal year and may differ from transfers listed in the attached schedule.

Attachment

cc: House and Senate Committees on Appropriations and on Government Operations

Pay Act Calculation methodology

The methodology used in developing pay act requirements is as follows:

Department pay act salary requirements (that is, the value of the FY 2017 salary increases, both COLA and steps) are projected position-by-position for all employees using the first payroll of FY 2017. The pay act associated with budgeted overtime is also included, as is the value of the state share of benefits that are driven by salary (FICA, retirement, life insurance, and LTD).

-The General and Transportation Fund share of the required pay act are derived from the FY 2017 budget submissions, and adjusted for legislative actions.

-The costs of various non-salary contract items are stipulated in certain articles of the State-VSEA Bargaining Agreement.

FY 2017 PAY ACT REPORT: 3 VSA SEC 2281(4)**

11/10/2016	Pay Act Need - General Funds	Allocated Pay Act - General Funds	Pay Act Need - Transp. Funds	Allocated Pay Act - Transp. Funds
1100010000 - Secretary of Administration	12,698			
1110003000 - Finance and management - budget and management	26,798			
1120010000 - Human resources - operations	48,002			
1130030000 - Libraries	33,467			
1140010000 - Tax - administration/collection	363,020			
1150400000 - Buildings and general services - information centers	10,886			
1150500000 - Buildings and general services - purchasing	22,171			
1160050000 - Buildings and general services - postal services	1,951			
1200010000 - Executive office - governor's office	44,617			
1210001000 - Legislative council	80,900			
1210002000 - Legislature	95,900			
1220000000 - Joint fiscal committee	39,500			
1230001000 - Sergeant at arms	22,700			
1240001000 - Lieutenant governor	5,286			
1250010000 - Auditor of accounts	5,462			
1260010000 - State treasurer	25,419			
1270000000 - State labor relations board	4,323			
1280000000 - VOSHA review board	430			
2100001000 - Attorney general	106,148			
2110000100 - Defender general - public defense	186,834			
2110010000 - Defender general - assigned counsel	573			
2120000000 - Judiciary	938,216			
2130100000 - State's attorneys	255,978			
2130200000 - Sheriffs	96,882			
2140010000 - Public safety-state police	1,305,569			
2140020000 - Public safety - criminal justice services	108,921			
2140030000 - Public safety - emergency management	7,283			
2140060000 - Public safety - administration	40,460			
2150010000 - Military - administration	20,610			
2160020000 - Military - air service contract	12,871			
2150040000 - Military - building maintenance	13,885			
2150050000 - Military - veterans' affairs	6,003			
2160010000 - Center for crime victims services	48			
2170010000 - Criminal justice training council	26,178			
2200010000 - Agriculture, food and markets - administration	21,275			
2200020000 - Agriculture - food safety and consumer protection	63,089			
2200030000 - Agriculture - agricultural development	16,370			
2200040000 - Agriculture - labs, resources management and environmental	29,807			
2280001000 - Human rights commission	10,700			
3150070000 - Mental health - mental health	10,418			
3300010000 - Vermont veterans' home - care and support services	104,750			
3310000000 - Commission on women	7,715			
3330010000 - Green Mountain Care Board	11,017			
3400001000 - Agency of human services - secretary's office	112,163			
3400010000 - Human services board	3,484			
3410010000 - Department of Vermont health access - administration	23,234			
3420010000 - Health - administration and support	41,897			
3420021000 - Health - public health	97,189			
3420060000 - Health - alcohol & drug abuse programs	3,201			
3440010000 - DCF - Administration & support services	707,407			
3440020000 - DCF - family services	411,424			
3440030000 - DCF - child development	58,104			
3440040000 - DCF - office of child support	70,183			
3440120000 - DCF - Woodside rehabilitation center	22,968			
3460010000 - DAIL - administration & support	259,744			
3480001000 - Corrections - Administration	80,980			
3480002000 - Corrections - Parole Board	5,344			
3480004000 - Corrections - Correctional Services	2,166,763			
4100500000 - Labor - programs	54,124			
6100010000 - Education - finance and administration	53,529			
6100010000 - Agency of natural resources - administration	87,656			
6120000000 - Fish and wildlife - support and field services	93,228			
6130010000 - Forests, parks and recreation - administration	19,034			
6130020000 - Forests, parks, and recreation - forestry	107,345			

FY 2017 PAY ACT REPORT: 3 VSA SEC 2281(4)**

11/10/2016	Pay Act Need - General Funds	Allocated Pay Act - General Funds	Pay Act Need - Transp. Funds	Allocated Pay Act - Transp. Funds
6130030000 - Forests, parks, and recreation - state parks	11,882			
6130040000 - Forests, parks, and recreation - lands administration	4,063			
6140020000 - Environmental conservation - management and support services	8,521			
6140030000 - Environmental conservation - air and waste management	944			
6140040000 - Environmental conservation - office of water programs	155,009			
6215000000 - Natural resources board	14,678			
7100000000 - Agency of commerce and community development - admin.	72,883			
7110010000 - Housing and community development	36,610			
7120010000 - Economic Development	28,998			
7130000000 - Tourism and marketing	21,335			
8100000100 - Transportation - finance and administration	-		200,000.00	
8100002000 - Transportation - maintenance state system	-		1,200,000.00	
8100002100 - Department of motor vehicles	-		250,000.00	
8100002200 - Transportation - policy and planning	-		200,000.00	
Executive Branch Salary Costs	7,951,871			
Legislative Branch Salary Costs	239,000			
Judicial Branch Salary Costs	938,216			
Total General Fund Salary Costs	9,129,087			
Appropriated Executive Branch Pay Act - General Funds	8,520,586			
Reduction of Overtime Per Act 172 of 2016, Sec. F10(a)(1)(A)(i)	(300,000)			
Available Executive Pay Act Appropriation - General Funds	8,220,586			
Executive Branch Salary Increase Costs - General Funds	7,951,871			
HR Non-Salary Pay Act Items	602,500			
Vermont Historical Society - Pay Increase per 22 VSA Sec. 285	35,499			
Total Executive Branch Pay Act Need - General Funds	8,589,870			
FY 2016 Pay Act Carryforward Balance	659,116			
Net Exec. Pay Act Balance - General Funds	289,832			
Executive Branch Salary Increase Costs - Transportation Funds	1,850,000			
Appropriated Executive Branch Pay Act - Transportation Funds	1,850,000			
Net Exec. Pay Act Balance - Transportation Funds	-			
Legislative Branch Salary Increase Costs	239,000			
Appropriated Legislative Branch Pay Act	239,000			
Net Leg. Pay Act Balance	-			
Judicial Branch Salary Increase Costs	938,216			
Appropriated Judicial Branch Pay Act	938,216			
Net Jud. Pay Act Balance	-			
Pay Act appropriations are found in 2016 Act 172 Sec.F.10				
** Final Pay Act transfers occur near the end of the fiscal year and may differ from transfers listed above.				



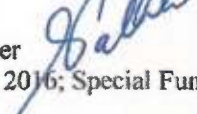
State of Vermont
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Agency of Administration

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MEMORANDUM

TO: Joint Fiscal Committee
FROM: Andrew Pallito, Commissioner
RE: Special Funds Created in FY 2016; Special Fund Balances at End of FY2016
DATE: September 26, 2016



Pursuant to 32 VSA Sec. 588(6), attached please find the list of Special Funds created in FY2016, with name, authorization, and revenue source; and the list of Special Funds and their balances at the end of FY 2016.



Report on Special Funds Created in FY 2016

Submitted to the Joint Fiscal Committee pursuant to 32 VSA Sec 588(6)

Dept/Name of Fund	Authorization	Revenue Source
Office of the State Treasurer		
Financial Literacy Commission Fund	9 VSA 6004 as added by Act 55 of 2015 - Section 3	Appropriations, interest, or any source accepted for the benefit of the fund.
Agency of Education		
Nellie Mae Foundation - Education Grant	32 VSA 585	Grants fund, and interest earned in fund balance
Department of Buildings & Grounds		
City of Montpelier District Heat Plant Maintenance Reserve Fund	29 VSA 156 as added by Act 26 of 2015 - Section 31	Payments from the City of Montpelier for the City's share of the maintenance of the District Heat Plant.

Special Fund Summary - End of FY 2016						
Special Fund Name	SF #	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing Sources (Uses)	Fund Net Assets 6/30/2016
Financial Literacy Trust Fund	21001	35,603.96	98.05	(9,431.90)	-	26,270.11
Financial Literacy Commission	21003	-	12,006.89	-	-	12,006.89
FMS System Development Fund	21005	454,749.14	585,302.80	-	-	1,040,051.94
Elva S Smith Bequest	21015	67,116.28	46,386.28	(20,782.53)	-	92,720.03
Lw-Int Radioactive Waste Cmpct	21020	(22,003.57)	131,154.25	(71,853.98)	-	(94,056.64)
Radiological Emerg Response	21025	(159,685.90)	1,456,811.26	(1,427,830.67)	-	(130,505.31)
Public Defender Special Fund	21050	132,358.15	602,807.67	(578,552.00)	-	156,613.82
Misc Fines & Penalties	21054	818,253.60	518,648.27	(237,338.13)	-	1,099,563.74
Genetic Engineered Food Label	21057	865,271.91	131,154.25	(671,728.85)	-	324,697.31
Vt Dairy Promotion Fund	21060	446,356.43	2,755,375.71	(2,727,718.93)	-	474,013.21
VDPC State Portion	21061	227,281.58	269,750.02	(277,951.47)	-	219,080.13
Financial Institut Supervision	21065	418,072.30	2,664,431.88	(2,154,004.32)	-	928,499.86
Health Care Suprv & Reg	21070	(731,731.31)	-	-	731,731.31	-
Insurance Regulatory & Suprv	21075	-	14,963,448.36	(6,923,092.00)	(8,040,356.36)	-
Securities Regulatory & Suprv	21080	-	7,526,690.00	(1,748,998.30)	(5,777,691.70)	-
Captive Insurance Reg & Suprv	21085	20,000.00	5,144,087.24	(5,111,294.34)	(32,792.90)	20,000.00
VOHJ Wk Cmp Self-Ins Corp Trst	21090	50,643.26	94.49	(50,696.35)	-	41.40
Passenger Tramways	21095	168,935.76	388,343.09	(364,001.06)	-	193,277.79
Elevator Safety Fund	21097	20,151.91	82,825.00	(80,303.54)	-	22,673.37
Worker's Comp Admin Fund	21105	4,266,448.49	3,360,926.30	(2,246,874.44)	-	5,380,500.35
Employee Leasing Companies	21110	159,240.34	59,800.00	(1,684.85)	-	217,355.49
Fire Service Training Council	21120	124,115.92	984,892.18	(805,850.23)	(120,000.00)	193,157.87
Haz Chem & Subst Emerg Resp	21125	852.86	728,523.42	(599,331.02)	-	130,045.26
Criminal History Records Check	21130	1,462.50	200,583.50	(200,000.00)	-	2,046.00
Vt Law Telecommunications	21135	(14,856.03)	133,246.86	(75,555.51)	-	43,035.12
DUI Enforcement Special Fund	21140	804.99	1,487,902.84	(1,488,707.83)	-	0.00
Drug Task Force	21141	144,107.58	71,987.25	(127,967.57)	-	88,127.26
Youth Substance Abuse Safety P	21142	97,127.50	78,596.75	(74,339.50)	-	101,384.75
Victims Compensation Fund	21145	196,824.70	2,028,748.13	(2,243,775.44)	-	(18,202.61)
Prof Regulatory Fee Fund	21160	5,422,860.72	4,043,645.00	(4,497,379.37)	-	4,969,126.35
Funeral & Burial Service Trust	21165	237,511.71	730.96	-	-	238,242.67
Children's Trust Fund	21185	57,020.41	61,135.86	(60,000.00)	-	58,156.27
Correctional Facilities Rec Fd	21190	572,733.25	798,257.27	(846,016.29)	-	524,974.23
Home Heating Fuel Asst Trust	21210	762.11	2.36	-	-	764.47
PATH-Civil Monetary Fund	21213	571,620.88	188,544.52	(235,539.22)	-	524,626.18
Mental Health Risk Pool	21220	421.02	1.30	-	-	422.32
Home Weatherization Assist	21235	832,187.74	6,912,246.24	(6,127,422.01)	-	1,617,011.97
Teacher Licensing Fund	21240	98,154.41	1,149,060.00	(1,067,576.95)	-	179,635.46
Post Secondary Certification	21245	500.00	1,500.00	-	-	2,000.00
General Education Development	21250	174.00	33.00	-	-	207.00
Petroleum Cleanup Fund	21255	2,968,372.99	5,866,074.11	(5,575,870.32)	-	3,258,576.78
Act 250 Permit Fund	21260	419,251.38	2,583,810.31	(2,521,604.96)	-	481,456.73
State Forest Parks Fund	21270	695,197.46	10,039,453.69	(9,024,248.74)	43,001.23	1,753,403.84
Environmental Contingency Fund	21275	3,068,202.87	210,943.61	(629,946.04)	-	2,649,200.44
Waste Management Assistance	21285	2,873,107.25	4,931,788.36	(4,617,315.32)	-	3,187,580.29
Hazardous Waste Fund	21290	87,617.74	83,598.29	(47,225.00)	-	123,991.03
FPR - Land Acquisitions	21293	10,002.96	485,000.00	(483,868.51)	-	11,134.45
Environmental Permit Fund	21295	3,141,929.35	9,198,992.14	(8,571,818.17)	(275,000.00)	3,494,103.32
VT Wastewater & Potable Water	21311	622,725.69	50,405.79	(157,554.91)	275,000.00	790,576.57
Sunderland Landfill	21315	4,566.51	14.02	-	-	4,570.53
Central Vt Shopping Ctr	21320	50,851.19	156.49	-	-	51,007.68
Chemical High Concn Children	21321	-	-	(111,915.80)	-	(111,915.80)
Historic Sites Special Fund	21325	56,762.90	500,104.35	(431,378.48)	-	125,486.77
Vt Center for Geographic Infor	21328	66,519.87	15,970.47	(72,685.92)	-	9,804.42
Municipal & Regional Planning	21330	484,172.28	5,939,834.81	(3,746,611.11)	(2,174,908.07)	502,487.71
Insurance Reserve Fund	21335	14,846,814.86	6,375,292.00	-	(21,063,625.02)	158,281.84
Unorganized Towns-Bennington	21345	461.70	130,314.90	(78,473.98)	-	52,302.62
Unorganized Towns-Chittenden	21350	(19,054.06)	83,061.36	(110,040.44)	-	(46,033.14)
Unorganized Towns-Windham	21355	3,579.78	311,483.00	(287,620.64)	-	27,442.14
Unemployment Comp Admin Fund	21360	1,005,839.54	-	-	-	1,005,839.54
Tobacco Litigation Settlement	21370	(16,540.57)	35,048,953.71	(34,626,414.55)	46,147.99	452,146.58
AG-Tobacco Settlement	21372	235,406.96	-	(50,401.20)	-	185,005.76

Special Fund Summary - End of FY 2016						
Special Fund Name	SF #	Fund Net Assets 7/1/2015	All Revenues	All Expenses	Other Financing Sources (Uses)	Fund Net Assets 6/30/2016
Tobacco Trust Fund	21375	345,580.58	46,157.10	(72,704.61)	(46,147.99)	272,885.08
Williamstown Env & Public Hlth	21390	191,266.35	588.64	-	-	191,854.99
State Register Publications Fd	21397	1,518.53	-	-	-	1,518.53
Bond Investment Earnings Fund	21405	33,272.26	161,100.90	-	(33,273.00)	161,100.16
Flexible Spending	21430	238,383.30	1,941,664.76	(1,845,199.61)	-	334,848.45
All Terrain Vehicles	21440	28,903.35	429,547.56	(388,475.97)	-	69,974.94
Art Acquisition Fund	21445	78,970.25	29.75	(32,500.00)	-	46,500.00
Vt Recreational Trails Fund	21455	303,891.94	-	(363,873.71)	443,497.00	383,515.23
Laboratory Services	21460	7,896.70	645,507.00	(645,747.00)	-	7,656.70
Organ Donation Special Fund	21463	99.00	-	-	-	99.00
Medical Practice	21470	1,716,376.24	424,041.80	(1,193,080.00)	-	947,338.04
Hospital Licensing Fees	21471	43,356.61	146,337.00	(110,411.93)	-	79,281.68
Natural Resources Mgmt	21475	80,984.23	1,379,214.82	(706,490.89)	-	753,708.16
Otto Johnson Fund	21480	-	7,600.00	(7,600.00)	-	-
PILOT	21485	1,742,402.32	8,291,971.70	(6,602,604.00)	-	3,431,770.02
Rabies Control	21490	7,992.00	83,526.00	(38,148.30)	(46,625.70)	6,744.00
VT Working Lands Enterprise	21493	367,906.31	175,493.87	(368,022.94)	-	175,377.24
Snowmobile Trails	21495	278,199.40	451,543.13	(551,356.36)	-	178,386.17
Inter-Unit Transfers Fund	21500	13,322,563.15	59,959,295.58	(65,737,953.37)	(1,572,149.51)	5,971,755.85
ARRA Inter-Unit Subaward Fund	21502	36,175.61	-	-	-	36,175.61
Boating Safety	21505	63,388.49	-	(154,827.78)	126,900.65	35,461.36
Treas Retirement Admin Cost	21520	(3,768.77)	2,315,905.37	(2,322,006.10)	-	(9,869.50)
Conference Fees & Donations	21525	47,713.06	46,663.62	(52,522.06)	-	41,854.62
School Match	21535	-	21,663,687.18	(21,663,687.18)	-	-
Lands and Facilities Trust Fd	21550	3,618,051.05	277,535.20	(926,888.30)	-	2,968,697.95
Emergency Relief & Assist Fd	21555	1,563,779.00	-	(1,177,374.49)	845,700.00	1,232,104.51
Public Assistance Recoveries	21560	1,000.00	1,299.28	(1,299.28)	-	1,000.00
Food Stamp Recoveries	21570	25,000.00	106,230.07	(111,884.47)	-	19,345.60
Downtown Trans & Capital Impro	21575	1,147,496.97	-	(489,484.38)	423,966.00	1,081,978.61
Surplus Property	21584	557,506.64	267,266.44	(369,454.80)	-	455,318.28
Pers-Human Resourc Development	21585	174,498.50	135,587.81	(16,331.95)	-	293,754.36
Tax-Miscellaneous Fees	21590	149,476.35	358,996.09	(392,881.88)	-	115,590.56
Tax-Local Option Process Fees	21591	37,484.81	595,612.61	(519,725.63)	-	113,371.79
Tax-Current Use Admin	21594	754,696.80	712,545.87	(525,039.11)	(194,545.87)	747,657.69
Public Records Special Fund	21595	71,330.52	9,742.03	(12,000.00)	-	69,072.55
BGS-Duxbury/Moretown	21600	-	156.44	-	-	156.44
Motorist Aid Refreshment Prog	21603	127,417.08	93,999.29	(115,186.86)	-	106,229.71
BGS-Recycling Efforts	21604	182,961.66	2,675.37	(18,680.37)	-	166,956.66
BGS-Newport Office	21606	2,500.00	-	-	-	2,500.00
BGS-Donations-St House Restore	21612	543.41	-	-	-	543.41
BGS-Sale of State Land	21613	59,991.21	65,541.67	-	(60,991.12)	64,541.76
Leg-State House Sick Room	21626	1,197.90	-	-	-	1,197.90
Leg-Sgt at Arms-Use of St Hous	21627	2,197.26	-	-	-	2,197.26
St Labor Relations Bd-Misc Rec	21633	9,445.52	6,612.90	(6,612.90)	-	9,445.52
AG-Consumer Fraud Restitution	21634	35,035.45	63,200.00	(60,244.80)	-	37,990.65
AG-Fees & Reimburs-Court Order	21638	393,211.18	4,895,078.63	(1,021,981.17)	(3,483,514.00)	782,794.64
AG-Court Diversion	21639	-	443,361.86	(443,361.86)	-	-
AG-Administrative Special Fund	21641	30,848.02	-	-	-	30,848.02
SA-Windsor Comm Prosecution Gr	21646	2,583.57	-	-	-	2,583.57
PS-Highway Safety	21649	10,485.00	(10,485.00)	-	-	-
PS-Sale of Photos	21651	(305.00)	21,735.00	(18,161.58)	-	3,268.42
Mil-Armory Rentals	21660	15,612.11	3,730.00	(15,567.41)	-	3,774.70
Mil-Vets Cemetary Contribution	21662	150,715.63	382,827.29	(42,479.12)	-	491,063.80
AF&M-Agricultural Events	21666	38,141.16	15,841.25	(17,171.97)	-	36,810.44
AF&M-Laboratory Testing	21667	52,429.35	472,020.46	(507,272.25)	95,358.93	112,536.49
AF&M-Feed Seeds & Fertilizer	21668	933,329.43	1,539,184.61	(1,394,164.81)	-	1,078,349.23
AF&M-Pesticide Monitoring	21669	631,446.34	1,316,130.00	(1,229,645.47)	-	717,930.87
AF&M-Agricultural Fees	21671	4,991.04	4,893.00	(40.00)	-	9,844.04
AF&M-Weights & Measures-Testin	21673	293,806.30	609,427.65	(524,723.46)	-	378,510.49
AF&M-Livestock Dealers/Transpo	21676	119,612.63	32,550.00	(27,332.02)	-	124,830.61
AF&M-Mosquito Control	21678	31,760.28	-	(137,384.39)	(1,482,096.57)	(1,587,720.68)

Special Fund Summary - End of FY 2016						
Special Fund Name	SF #	Fund Net Assets 7/1/2015	All Revenues	All Expenses	Other Financing Sources (Uses)	Fund Net Assets 6/30/2016
AF&M-Housing & Conservation Bd	21680	(10,528.28)	116,559.29	(125,824.89)	-	(19,793.88)
AF&M-Eastern States Building	21682	211,594.42	188,823.83	(186,722.24)	-	213,696.01
AF&M-Dairy Receipts	21684	71,634.75	56,390.00	(56,833.00)	-	71,191.75
AF&M-Meat Handlers	21685	42,812.15	19,978.09	(17,368.03)	-	45,222.21
AF&M-Pesticide Control	21686	106,944.15	78,730.00	(62,113.50)	-	123,560.65
AF&M-Promotional Activities	21687	10,739.22	20,060.00	(18,065.17)	-	12,734.05
BISHCA-Docket	21690	24,422.95	-	-	-	24,422.95
Human Rights Commission	21692	111,209.52	-	-	-	111,209.52
PSD-Regulation/Energy Efficient	21698	1,777,548.27	8,955,995.18	(5,678,947.49)	(3,657,076.46)	1,397,519.50
PSD - Billback & EEU pass thru	21699	(29,220.51)	898,866.52	(878,994.93)	-	(9,348.92)
PSD-Telecomm Serv for Deaf	21703	7,330.82	219,372.98	(226,252.74)	-	451.06
PSB-Special Fds	21709	4,164,227.82	58,198.93	(3,098,368.86)	3,446,704.46	4,570,762.35
Enhanced 9-1-1 Board	21711	2,540,651.12	5,026,770.39	(6,675,509.61)	-	891,911.90
OCS-Child Supp Collect-ANFC	21721	-	424,791.00	(424,791.00)	-	0.00
HE-Food & Lodging Fees	21731	189,280.42	1,461,463.00	(1,413,645.44)	-	237,097.98
GCW-Misc	21748	9,520.95	2,250.00	(1,907.00)	-	9,863.95
DET-Apprenticeship Train OFS	21752	177,587.64	414,974.76	-	-	592,562.40
ED-Medicaid Reimb-Admin	21764	1,888,239.16	-	(16,404,731.85)	17,710,906.37	3,194,415.68
Vets Home-Private Pay	21767	584,421.78	1,974,027.20	(2,558,448.98)	-	0.00
Vets Home-Dom Applied Income	21768	107,339.47	42,954.85	(150,294.00)	-	0.32
Local Comm Implementation Fund	21772	1,534.05	4.73	-	-	1,538.78
Impaired Water Restoration Fnd	21773	474,015.46	78,758.28	-	-	552,773.74
Pollution Prevention Plans Fee	21776	17,811.49	65,350.00	(66,139.52)	-	16,821.97
FPR-Laura Burnham Estate	21778	4,606.25	-	-	-	4,606.25
FPR-Youth Conservation Corps	21779	-	447,022.40	(447,022.40)	-	-
FPR-Earth People's Park	21781	134.74	-	-	-	134.74
Vermont Medicaid	21782	433,889.89	4,653,028.51	(5,157,848.53)	-	(70,930.13)
New York Medicaid	21785	1,468,762.37	1,070,245.65	(2,537,008.00)	-	0.02
Streamgauging Fees	21786	56,234.57	23,456.67	(36,950.00)	-	42,741.24
EC-Geological Publications	21787	15,584.33	2,099.00	(15,000.00)	-	2,683.33
Miscellaneous Settlement Fund	21788	4,838,865.50	188,097.50	(638,003.71)	-	4,388,959.29
EC-Tax Loss-Conn Riv Flood Ctl	21789	-	31,230.00	(31,230.00)	-	-
EC-Aquatic Nuisance Control	21790	(27,094.74)	-	-	-	(27,094.74)
EC-VT Poll Control 24VSA4753	21793	1,382.68	596,980.00	(598,248.93)	-	113.75
SRS-Social Security	21809	-	1,357,778.94	(1,357,778.94)	-	-
SRS-Parental Child Support	21810	-	229,207.48	(229,207.48)	-	-
Attorney Admission,Licensing,& VR Fees	21811	722,755.96	797,570.00	(887,577.12)	-	852,748.84
DAD-Vending Facilities	21813	-	1,616,300.31	(1,616,300.31)	-	-
ACCD-Mobile Home Park Laws	21815	-	136,909.87	(136,909.87)	-	-
ACCD-Mobile Home Park Laws	21819	5,078.07	77,292.00	(82,370.07)	-	-
ACCD-Miscellaneous Receipts	21820	550,850.77	-	(132,701.68)	-	417,949.09
ACCD-Tourism & Marketing Broch	21822	453,327.57	304,119.25	(208,653.02)	-	548,793.80
Sale of Copies/Publications	21824	2,413.96	2,120.18	(968.27)	-	3,565.87
Memorial Gifts	21825	6,173.51	300.00	(5,783.73)	-	689.78
HE-Lead Abatement Fees	21828	-	38,226.00	(38,826.00)	-	(600.00)
HE-Third Party Reimbursement	21829	1,566,318.77	10,177,416.47	(9,131,081.32)	-	2,612,653.92
HE-Asbestos Fees	21832	-	186,144.00	(159,726.00)	-	26,418.00
HE-Medicaid in Schools	21834	(216,000.00)	216,000.00	-	-	-
HE-AIDS Medication Rebates	21836	1,060,951.00	794,078.03	(769,005.00)	-	1,086,024.03
HE-ADAP DDRP Fees	21837	-	147,620.00	(147,620.00)	-	-
CORR-Supervision Fees	21843	3,045,518.59	815,007.52	(543,635.88)	-	3,316,890.23
PERS-Recruitment Services	21844	(70,343.14)	204,200.65	(148,739.24)	-	(14,881.73)
ED-Private Sector Grants	21848	9,912.61	180,000.00	(138,225.71)	-	51,686.90
PS-Law Enforcement Services	21851	118,870.29	467,124.08	(458,686.09)	-	127,308.28
PS-VAST	21852	-	6,950.18	(6,950.18)	-	0.00
PS-Fingerprint Fees	21856	5,327.45	227,437.58	(200,000.00)	-	32,765.03
PS-VIBRS	21857	161,780.10	1,018,658.13	(954,908.39)	-	225,527.84
SRS-Build Bright Spaces/Future	21858	14,181.21	12,586.20	(14,468.60)	-	12,298.81
EC-Laboratory Receipts	21861	95,358.93	-	-	(95,358.93)	-
EC-Motorboat Registration Fees	21862	1,345,118.22	-	(431,611.68)	440,459.07	1,353,965.61
Special Funds Debt Service	21868	-	-	-	7,080.00	7,080.00

Special Fund Summary - End of FY 2016						
Special Fund Name	SF #	Fund Net Assets 7/1/2015	All Revenues	All Expenses	Other Financing Sources (Uses)	Fund Net Assets 6/30/2016
Misc Special Revenue	21870	719,431.25	1,305,211.72	(1,148,888.27)	-	875,754.70
Gates Foundation Grants	21883	29,644.31	91.24	-	-	29,735.55
Emerg Pers Survivor Benefit Fd	21884	209,645.09	626.54	(50,000.00)	-	160,271.63
Treas-Refunding Bond Issue	21886	-	-	(155,265.03)	155,265.03	-
Risk Manage Ag Producers	21889	100,022.37	4,796.18	(2,712.24)	-	102,106.31
State's Att & Sheriff-Misc	21891	10,764.10	108,818.93	(102,174.39)	-	17,408.64
Green Mtn Cons Camp Endowment	21894	95,809.70	8,170.08	(4,737.53)	-	99,242.25
Upper Valley Regional Landfill	21895	202,265.19	600.81	(12,060.00)	-	190,806.00
Emergency Medical Services Fnd	21897	316,703.63	794.86	(93,751.25)	150,000.00	373,747.24
Entergy-Windham Crty Econ Dev	21898	3,629,750.00	2,000,000.00	(2,443,045.97)	-	3,186,704.03
Connectivity Fund	21899	4,304,459.91	341,457.58	(2,093,543.37)	-	2,552,374.12
Fire Prev/Bldg Inspect Sp Fund	21901	586,635.60	4,776,020.12	(5,311,500.63)	-	51,155.09
Health Department-Special Fund	21902	149,778.00	1,329,739.03	(1,469,972.00)	-	9,545.03
PATH-Misc Fund	21903	193,811.51	1,956,975.71	(21,514,060.16)	19,508,330.48	144,857.54
Transportation Special Fund	21905	70,000.00	-	-	-	70,000.00
Financial Services Education	21906	117,968.34	15,359.85	(10,000.00)	-	123,328.19
Misc Grants Fund	21908	3,326.41	632,259.21	(256,034.72)	-	379,550.90
Tax Computer Sys Modernization	21909	4,376,240.48	8,178,749.06	(8,242,894.53)	(1,502,607.00)	2,809,488.01
Counselor Regulatory Fee Fund	21910	-	3,150.00	(3,150.00)	-	-
Sarcoidosis Benefit Trust Fund	21911	-	-	(500.30)	-	(500.30)
Evidence-Based Educ & Advertis	21912	2,265,997.47	1,181,884.94	(955,576.10)	-	2,482,306.31
Workforce Ed & Training Fund	21913	1,922,952.67	-	(499,916.89)	992,500.00	2,415,535.78
Crime Victims Restitution Fund	21915	719,476.59	2,250,780.26	(1,857,469.88)	-	1,112,786.97
Vermont Health IT Fund	21916	6,562,100.74	3,427,185.01	(2,891,172.61)	-	7,298,113.14
Public Funds Investigation	21917	100,000.00	-	-	-	100,000.00
Archaeology Operations	21918	36,964.49	45,410.00	(1,116.00)	-	81,258.49
EB-5 Special Fund	21919	65,245.81	52,118.32	(96,388.03)	-	20,974.10
VOL Membership/Dues	21920	262,160.71	136,232.75	(93,500.00)	-	304,893.46
Blood & Breath Alcohol Testing	21922	217,503.75	68,115.36	(112,000.00)	(167,000.00)	6,619.11
Historic Property Stab & Rehab	21923	100,000.00	-	-	(50,000.00)	50,000.00
Vermont Veterans Fund	21924	21,598.38	131,441.27	(55,025.00)	-	98,014.65
Restitution Special Fund	21925	16,254.19	3,306.02	-	-	19,560.21
Domestic & Sexual Violence	21926	14,927.82	752,848.09	(849,310.79)	-	(81,536.88)
Supplemental ProptryTax Relief	21927	3,500,000.00	-	(109,259.81)	-	3,390,740.19
Secretary of State Services	21928	70,000.00	6,571,498.67	(4,233,426.81)	(2,376,071.86)	32,000.00
Clean Water Fund	21932	43,021.82	4,719,216.51	-	(675,000.00)	4,087,238.33
Agricultural Water Quality	21933	-	597,549.76	(391,254.17)	675,000.00	881,295.59
Information Center Revenues	21936	246,256.57	60,929.75	(1,124.80)	-	306,061.52
GMCB Regulatory and Admin Fund	21937	-	4,079,821.49	(1,716,834.92)	(731,731.31)	1,631,255.26
Court Technology Fund	21941	633,264.61	1,506,534.82	(238,248.36)	-	1,903,551.07
State PACE Reserve Fund	21943	50,087.39	154.15	-	-	50,241.54
Vermont Enterprise Fund	21944	4,048,413.26	8,191.02	(2,200,000.00)	(425,000.00)	1,431,604.28
DOC-Corrections Donations	21945	4.52	-	-	-	4.52
Mont Dist Heat Plant Maint Res	21947	-	34,346.00	-	-	34,346.00
Unsafe Dam Revolving Loan Fund	21960	246,303.77	758.02	-	-	247,061.79
Animal Spay/Neutering Fund	21965	142,665.34	307,431.46	(270,045.00)	-	180,051.80
Registration Fees Fund	21970	248,216.84	289,325.00	(180,553.06)	-	356,988.78
Armed Services Scholarship Fnd	21975	7,403.35	52.68	(44,545.00)	39,484.00	2,395.03
Indemnification Fund	21980	507,731.04	1,611.96	-	-	509,343.00
State Health Care Resources Fd	21990	7,811,037.16	283,890,087.79	(286,096,597.89)	-	5,804,527.06
VT Clean Energy Dev Fund	21991	6,251,912.28	376,520.01	(1,099,882.26)	-	5,528,550.03
Next Generation Initiative Fnd	21992	345,017.72	3,096.34	(1,951,586.24)	2,000,500.00	397,027.82
VT Traumatic Brain Injury Fund	21994	1,254.51	3.86	-	-	1,258.37
Special Fund Total		166,070,840.30	629,175,520.38	(641,033,109.42)	(5,926,028.85)	138,287,322.41



State of Vermont
Department of Human Resources
Office of the Commissioner
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Agency of Administration

TO: Joint Fiscal Committee
Government Accountability Committee
House Committee on Government Operations
Senate Committee on Government Operations
FROM: Maribeth Spellman, Commissioner
DATE: September 27, 2016
SUBJECT: Forest, Parks & Recreation Position Pilot Request

In accordance with Act 179, Sec. E.100(d) as amended by 2015 Acts and Resolves No. 4, Sec. 74 and Acts and Resolves No. 172, Sec. E.100.2 in 2016 to include the Agency of Natural Resources (ANR). Secretary of Administration Justin Johnson has approved the attached position pilot request from ANR.

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by ANR, is attached for your information.

The Department of Human Resources fully supports the request to create two positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at ANR and has determined all vacancies are under active recruitment.

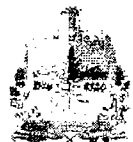
Summary of the Forests, Parks & Recreation Position Pilot request

The FPR request addresses long term staffing needs, including appropriately reducing reliance on temporary positions to staff year-round functions associated with State Parks by creating classified positions. The request also includes creating three additional positions that will allow the department to address priorities such as increased operational capacity, providing core staffing for recreation services, and establishing a Wood Energy Coordinator to work in cooperation with the Department of Public Service in order to promote the use of wood energy.

Specific positions are described in detail in the attached request from FPR along with the cost effectiveness information for each positions. The positions are funded through citing funds.

Any questions should be directed to Molly Paulger at 828-3517.

c: Secretary Markowitz
Commissioner Snyder
M. Paulger





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Agency of Administration

TO: Justin Johnson, Secretary of Administration
FROM: Maribeth Spellman, Commissioner
RE: Forests, Parks & Recreation Position Pilot Request
DATE: September 23, 2016

On September 2, 2016, I received the attached Position Pilot Proposal from the Department of Forests, Parks & Recreation (FPR), based on Act 179, Sec. E.(100)(d)(4) from the 2014 Session and amended by Act 172, Sec. E.100.2(1) in 2016, to include all departments of the Agency of Natural Resources in the Position Pilot. Below is our recommendation and summary of our analysis.

The Department of Human Resources fully supports the request to create twelve positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. The Department of Human Resources has reviewed vacancies in FPR and has determined all vacancies are under active recruitment.

Summary of the Forests, Parks & Recreation Position Pilot request

The FPR request addresses long term staffing needs, including appropriately reducing reliance on temporary positions to staff year-round functions associated with the State Parks by creating classified positions. The request also includes creating three additional positions that will allow the department to address priorities such as increased operational capacity, providing core staffing for recreation services, and establishing a Wood Energy Coordinator to work in cooperation with the Department of Public Service in order to promote the use of wood energy.

Specific positions are described in detail in the attached request from FPR along with the cost effectiveness information for each position. The positions are funded through existing funds.

Any questions should be directed to Molly Paulger at 828-3517.



Pope, Aimee

From: Spellman, Maribeth
Sent: Friday, September 16, 2016 10:09 AM
To: Paulger, Molly; Pope, Aimee
Subject: FW: FPR Position Pilot Request
Attachments: Pilot Chart.xlsx; DFPR - Position Pilot Request Memo.Final.docx

And finally – Justin will approve this as well. Memos please.

So in total, 4 pilot requests: DCF, ANR central, F&W, FPR

Please let me know if you are missing anything. Many thanks, Maribeth

From: Martin, Trey
Sent: Friday, September 02, 2016 1:13 PM
To: Clasen, Michael <Michael.Clasen@vermont.gov>; Spellman, Maribeth <Maribeth.Spellman@vermont.gov>
Cc: Snyder, Michael <Michael.Snyder@vermont.gov>; Markowitz, Deb <Deb.Markowitz@vermont.gov>; Whipple, Craig <Craig.Whipple@vermont.gov>; Freeman, Kristin <Kristin.Freeman@vermont.gov>
Subject: FPR Position Pilot Request

Dear Michael and Maribeth,

Please find attached our memorandum and supporting chart detailing the Position Pilot Request from the Department of Forests, Parks and Recreation. I am submitting this request on behalf of Commissioner Snyder, who is out of the office currently. Please let me or Deb know if you have any questions about our materials or if you have any trouble opening the documents.

Please note that we will be sending separately this afternoon an additional memorandum to detail our request for two limited service positions within the ANR Central Office.

Thanks very much,
Trey



Trey Martin, Deputy Secretary
Agency of Natural Resources

[phone] 802-505-0986

[email] trey.martin@vermont.gov

Please note my new email address: trey.martin@vermont.gov.

Pope, Aimee

From: Spellman, Maribeth
Sent: Friday, September 16, 2016 11:31 AM
To: Pope, Aimee
Subject: FW: Responses to questions re: position pilot request

FPR details - thanks, MB

——Original Message——

From: Clasen, Michael
Sent: Tuesday, September 13, 2016 4:06 PM
To: Spellman, Maribeth <Maribeth.Spellman@vermont.gov>
Subject: FW: Responses to questions re: position pilot request

——Original Message——

From: Snyder, Michael
Sent: Tuesday, September 13, 2016 4:02 PM
To: Clasen, Michael <Michael.Clasen@vermont.gov>
Cc: Martin, Trey <Trey.Martin@vermont.gov>; Whipple, Craig <Craig.Whipple@vermont.gov>; Freeman, Kristin <Kristin.Freeman@vermont.gov>
Subject: Responses to questions re: position pilot request

Hello, Michael. Thanks for your follow-up call regarding the FPR September 2, 2016 request to participate in the Position Pilot Program. You asked me to respond to 3 questions/requests for information. I'm happy to restate those and provide answers below:

1) Clarification of the number of temporary positions proposed to be eliminated to create new permanent positions.

In total, we are proposing to fully convert 12 temporary positions along with reducing hours from an additional 4 to create 9 new classified positions (8 permanent and 1 limited service). A few of the converted positions in our original memo indicated full conversion when, in fact, they are funded by reducing hours from other positions.

2) Further explanation of the Parks Special Fund, including its sources of revenue and sustainability.

All of the proposed Parks positions are supported by the Parks Special Fund. The Fund serves as a repository for all park revenue from sales of services, the proceeds from leases of state lands to seven major ski resorts, proceeds from vegetative management on parks lands (timber sales), proceeds from licenses for commercial mountain-top communications facilities, and a few other minor sources. The Fund supports about 95% of the total cost of operating and maintaining the park system.

Park receipts make up 60% -70% of the annual contribution into the Fund. With such recent robust park visitation, the Fund balance is quite strong. This level of use requires further investment to enhance the quality and professionalism of staff to deal with the current activity and to provide the quality service needed to sustain the level of interest that results in that level of use. All indications are that with proper management, facility maintenance and customer service, the current level of visitation should continue into the foreseeable future.

3) Timing of filling proposed positions and effect on budget.

We intend to recruit for all approved positions as quickly as possible and realized each will be subject to an open recruitment process. All but three Parks conversions to permanent status are budget neutral as other temporary staff hours and positions are being sufficiently reduced. Those will have no effect on current or future budgets. The balance of Parks conversions and other requested FPR positions requested are supported by available excess receipts and will not result in a need for any budget adjustment.

I hope this provides what you need. Please do let me know if you need anything further and thanks much for your assistance and consideration. m

Michael Snyder.
Commissioner,
VT Forests, Parks & Recreation



State of Vermont
Department of Forests, Parks & Recreation
Office of the Commissioner
1 National Life Drive, Davis 2
Montpelier, VT 05620-3801
www.vtfpr.org

Agency of Natural Resources

Commissioner Michael C. Snyder
[phone] 802-828-1534
[fax] 802-828-1399
[e-mail] Michael.Snyder@state.vt.us

TO: Justin Johnson, Secretary, Agency of Administration
Maribeth Spellman, Commissioner, Department of Human Resources
CC: Michael Clasen, Deputy Secretary, Agency of Administration
THROUGH: Deborah Markowitz, Secretary, Agency of Natural Resources
FROM: Michael Snyder, Commissioner, Department of Forests, Parks and Recreation
DATE: September 2, 2016
RE: Position Pilot Request

Summary

The Department of Forests, Parks and Recreation is pleased to be able to participate in the Position Pilot Program. We propose converting nine temporary positions into eight permanent and one limited service position, as well as adding three new positions to address high priority needs for the Department (two permanent and one limited service). The management team and staff worked together to identify the areas of most critical need considering long-term strategic planning, operational needs at the division and central level, conversion of temporary positions for cost savings, and available funding. As noted below funding is available for all of our requests with no additional request from the general fund.

Please see the attached chart which provides line item detail for each of the positions we are proposing.

Background

All the positions proposed address priority needs of FPR, most of which have existed for a considerable length of time. The Position Pilot Program finally gives an opportunity to come significantly closer to satisfying these demands in ways that are clearly financially sustainable. The Position Pilot opportunity is particularly important and timely for the State Parks program. State Parks have been operated and maintained for many years using as many as 350 seasonal temporary employees annually. Although this model has been successful, we are seeing symptoms that indicate the demands and complexities of managing such a large public park system are requiring an investment in our workforce to increase their knowledge, skills and professionalism. To that end, the parks management team brainstormed the need for seventeen new full time positions. After deliberating, we have narrowed the request from State Parks down to the eight proposed positions that are our highest priorities.



New Position Requests

Director of Operations and Recreation

The need for a high level, department wide professional manager has become increasingly apparent. There is a need for a position to coordinate and direct activities across division lines, to continually monitor, evaluate and make changes to department systems and processes to assure outcome efficiency, and to assure progress toward a common vision for the organization. Functionally serving as a Deputy Commissioner, this position would relieve the Commissioner from many internal management duties leaving the Commissioner with greater capacity to perform necessary external functions and serve a leadership role. Perhaps equally important, the position will serve a pivotal role to provide stability of continued operation over the next few years as the department faces a complete transition of top level management of all three major program areas due to retirement (Parks, Forestry and Lands Administration). In addition, this position would take on the role of directing the department's recreation programs and services adding high level, across-division strength and providing for sustained attention and resources to this critical aspect of the department's work. The position will be funded by non-General Fund resources with approximately \$60,000 from federal indirect fund balance and \$60,000 from parks special fund.

Field Recreation Specialist

Recreation services have always been an important function of FPR, but they have been provided by staff across divisions who are balancing other higher priority duties. With rapidly growing public demand for outdoor recreation, FPR has come under considerable pressure to expand our offerings and do so with a higher degree of professionalism and commitment. With the recent addition of the position of Recreation Program Manager, the department has expanded and strengthened our relationships with external partner organizations, galvanized our recreation oriented staff and as a result, made significant strides toward addressing our recreation challenges and opportunities. Even with the emphasis on accomplishment through partners, the pinch point limiting continued progress remains with our field staff. There is very limited capacity to perform the necessary up front work of assessment and planning to cue up projects for partners to perform and to manage on site execution. We propose creating a new full time classified position, Field Recreation Specialist, to increase capacity at the field level to accomplish this much needed work. The position will be completely financed by a combination of state Recreational Trails funding and administrative overhead funding from the VTrans Bike and Ped Program/FPR managed grant program for VYCC projects with \$64,000 from the state Recreational Trails fund and \$10,000 from the VTrans Bike and Ped Program. As such, it will be cost and budget neutral.

Wood Energy Coordinator

This proposed three-year limited service position will be managed in joint cooperation with the Vermont Department of Public Service to promote the use of wood in energy applications. This staff member will be responsible for promotional, marketing, planning and development work within the forest products sector to promote the use of wood in energy applications. Specific duties will include design and delivery of a comprehensive modern wood heating information and education program in Vermont to reduce market barriers to adoption of wood energy applications; implementation of Vermont's Comprehensive Energy Plan recommendations as they relate to wood energy and state policy



for promoting sustainable forestry practices; and staff assistance to Wood Utilization Program Leader, Division Director and Commissioner on issues related to wood energy. This work is also intended to expand markets for the variety of Vermont forest products. Funding will be provided through a new federal grant with matching funds provided by the Public Service Department. This position will be cost and budget neutral. The federal grant will fund an estimated \$40,000 of this position and the Public Service Department will fund an estimated \$34,000

Conversion Position Requests

Reservation Call Center Agent (Data Clerk)

The small state park reservation call center has been staffed for many years with part time, temporary employees. The service has been highly successful from the customer perspective as the temporary call center agents are well supervised, closely monitored and thoroughly oriented to the offerings, policies and practices of state park sales and services. Multiple times consideration had been given to outsourcing this service to a contract provider. Each time, we have chosen to retain our in-house model to better control customer service in a park system that has a somewhat complex variety of fees, rules, and experiences. Our customers regularly compliment this effort and we are convinced it is the model for our success. Despite our success, there is a fair amount of staff turnover mostly due to the seasonal fluctuation in workload. New agents require a significant amount of training and supervision to perform. To provide increased stability and assistance with new staff training, we are proposing to convert one agent position to full time classified status. The \$42,000 position will be paid through the parks special fund and will be fully budget neutral as hours from other part time agents will be reduced to offset the additional hours for this position.

Park Maintenance Technician – Parks Northeast Region

Currently, all the facility maintenance, renovation and rehabilitation for three major parks in the northeast region of the state (Brighton, Crystal Lake and Maidstone State Parks) is being performed by a long term seasonal temporary Maintenance Technician and a shorter term maintenance mechanic. Contemporary park facility maintenance is sophisticated, complex, high stakes work that is critical to the continued success of the state park system. For seasonal employees, we do not have the benefit of the time needed to adequately train and supervise in order for them to perform at the required high level. Temporary staff have been found to be very helpful in this effort but cannot effectively substitute for the professional level requirements necessary. We propose converting two temporary positions (Park Maintenance Technician and Maintenance Mechanic B) into a full time classified Park Maintenance Technician. The costs are 100% Parks Special Fund and fully budget neutral with an anticipated cost of \$60,000.

Park Maintenance Technician – Parks Southeast Region

Currently the Southeastern Parks Region manages 16 state parks with the recent addition of Muckcross State Park. The new park has a total of 10 buildings, a hydroelectric plant, a dam and 0.7 miles of roadway. Additionally, improvements to Lowell Lake State Park are anticipated due to the untapped recreational opportunities of the park combined with the existing significant amount of use. Lowell Lake has experienced a recent increase of day use activity of 60%. When contemplated improvements are made, attendance will likely double. Even without these additions, the workload to maintain the



massive infrastructure of the region exceeds our current capacity. Adding a Maintenance Technician in the region will allow for the proper allocation of workloads among the technicians to service and otherwise be available to all parks, including the new state park and the Lowell Lake build-out and allow the Parks Electrician (who has been performing those services) the time to focus on code compliance and permitting with fewer disruptions. We propose converting two seasonal maintenance positions into one full time classified Maintenance Technician. Costs for the position will be 100% from the Parks Special Fund. The anticipated cost is \$60,000 with \$56,000 provided by the conversion of the existing positions with the remaining \$4,000 needed to fully fund the permanent position can sustainably be drawn from the Parks Special Fund.

Park Maintenance Technician – Parks Northwest Region

As with the other administrative regions, the capacity to adequately support the maintenance of the infrastructure in the Northwest Region has not kept pace with the aging facilities and increased pressure due to higher visitation. Relying so heavily on temporary seasonal workers to perform complex professional maintenance work is clearly not sustainable. We propose to convert two existing seasonal maintenance positions into one full-time permanent Maintenance Technician position to guarantee an operating model that will work for the long term. Having a full time classified Maintenance Technician provides us the opportunity for training, professional skill development and continuity that is needed to adequately deal with the complexities of contemporary park facility maintenance. The position is estimated to cost \$60,000 and will be 100% Parks Special Fund supported. Eliminating the two temporary positions provides all but \$17,800 to cover the cost of the conversion. The \$42,200 balance can sustainably be supported from increased revenue to the Parks Special Fund due to higher levels of visitation.

Administrative Assistant A – Parks Northeast Region

The Northeast Region has the largest number of parks in our system and covers a significantly large geographic area due to collapsing two former park regions into a single region a number of years ago. As a result, to support the operations of this complex area and to deal with the significant increase in administrative requirements, the administrative workload in the regional office has increased far beyond the traditional January through April timeframe to a year-round requirement. Our use of a long term temporary position for this is no longer adequate. Having a full-time classified position dedicated to the Northeast Region will ensure that administrative resources are adequate to manage the continued and ever-increasing burden in the regional office. We propose converting the long term temporary position combined with another seasonal support position into one full time classified position. The anticipated cost is \$50,000 which will be 100% Parks Special Fund supported and will be completely budget neutral.

Park Manager II – Parks Northeast Region (Smugglers' Notch area)

Full-time Park Manager services are now needed year-round in the Mount Mansfield public lands and surrounding area due to a tremendous amount of public use in all seasons. Smuggler's Notch State Park became a corridor park in 2000 from the Barnes Camp Visitor Center to the Northern Gateway. Activity centers such as Bingham Falls, the Vermont State Ski Dorm, the Stone Hut, Barnes Camp Visitor Center, the Picnic Area, Big Springs and various trail heads and the Notch proper all



require park management services to monitor facilities and provide services to the public to meet the recreational demands. In addition, the park manager coordinates regularly with the Green Mountain Club to coordinate use of the Stone Hut in the summer and area trails in the winter and to provide oversight for the most Special Use Permits and Licenses processed by any other state-managed lands area. We are proposing to convert the existing long term Park Manager position combined with another seasonal support position into one full time classified position. The position will be 100% Parks Special Fund supported and will be completely budget neutral based on the conversion of existing positions. The anticipated cost is \$59,000.

Innkeeper II – Parks Northeast Region (Seyon Lodge)

Seyon Lodge is unique in the Vermont State Park system and operates virtually year-round. When the Seyon lodge renovation was completed in 2002, the business plan recommended having at least one year-round, full-time, classified position at Seyon to best serve the multiple and intensive needs of the lodge and park guests. To date, this position is still needed to provide the lodge with the consistency necessary to build a repeat customer base through marketing and to provide excellence and consistency in customer service. Since 2002, there have been seven different sets of Innkeepers. By establishing one of the Innkeepers as a full time permanent position, the turnover rate will be reduced, thereby minimizing the need for continued repetitive training and ensuring that the quality of services will remain at high levels. We propose converting the existing long term Innkeeper position combined with another seasonal position from Seyon Lodge into one full time classified position. The position will be 100% Parks Special Fund supported and will be completely budget neutral at an estimated cost of \$68,000.

Program Services Clerk – Parks Central Office

Much of the recent success of the state park system can be attributed to a robust program of marketing and promotion that relies heavily on social media and other web based communication tools. We have relied on a long term temporary position to provide the necessary support so this effort can be effective. We propose to convert that position to full time classified status so that we can meet increasing demand for social-media based customer service and marketing. This position will also provide critical assistance with the training and supervision of seasonal customer service staff of the reservation call center and will allow us to increase our capacity to manage volunteers and complete large scale off-season projects. The position will be 100% Parks special Fund supported. Converting the position will cost \$44,500 which is \$15,677 more than the long term temporary position, a funding level which can easily be sustainably supported by additional revenue in the Parks Special Fund.

Financial Specialist

This proposed conversion to a two-year limited service position is a key component of a business office staff restructuring plan to implement more efficient systems, address an ongoing backlog of work, and develop cross training for continuity of operations. We aim to reclassify one vacant financial position in the business office to a grants and contracts administrator to centralize responsibility, make systems more efficient, and to relieve pressure on the business manager, staff attorney, parks project coordinator, and staff who currently write contracts and grants (approximately 40). With the reclassification of a financial position to a grants and contracts administrator critical work will need to be shifted to another position.





We propose adding this limited service financial specialist to manage a high quantity of accounts payables and receivables, to provide administrative support for recreation grant managers, and to address a backlog of FEMA project recordkeeping. This position is estimated to cost \$60,000 and would be funded through a combination of one-time sources: federal and state recreational trails fund balance and FEMA fund balance with approximately \$20,000 of funding coming from each of the three noted sources.



FPR Position Pilot Request

Position Title	Pay Grade	Estimated Annual Cost	Funding Source(s)	Permanent or Limited Service	Summary
Director of Operations and Recreation	30	120,000	Federal Indirect Funds, Parks Special Fund	Permanent	Professional high level coordination across all divisions for efficiency and continuity of operations. Assist the Commissioner with internal management duties and direct recreation programs.
Field Recreation Specialist	23	74,000	State Recreational Trails Program, VTrans Bike and Pedestrian Funds	Permanent	Coordinate recreation projects with outside partners and internal staff by conducting project assessments, engaging in planning efforts and assisting with partner relationships.
Wood Energy Coordinator	23	74,000	Federal Grant, Public Service Department Funds	Limited Service	Promote the use of wood in energy applications including the design and delivery of a comprehensive modern wood heating information and education program and the implementation of Vermont's Comprehensive Energy Plan recommendations as they relate to wood energy and state policy for promoting sustainable forestry practices.
Recreation Call Center Agent	12	42,000	Parks Special Fund	Permanent	Provide improved stability, knowledge and training resources within the parks call center by establishing a permanent position to work in conjunction with the temporary staff workforce.
Park Maintenance Technician - Parks Northeast Region	19	60,000	Parks Special Fund	Permanent	Professional facility maintenance for three major parks in the northeast region.
Park Maintenance Technician - Parks Southeast Region	19	60,000	Parks Special Fund	Permanent	Professional facility maintenance for the parks southeast region.
Park Maintenance Technician - Parks Northwest Region	19	60,000	Parks Special Fund	Permanent	Professional facility maintenance for the parks northwest region.
Administrative Assistant A - Parks Northeast Region	17	50,000	Parks Special Fund	Permanent	Year-round administrative support to address increased administrative workload and requirements.
Parks Manager II - Parks Northeast Region (Smuggler's Notch)	15	59,000	Parks Special Fund	Permanent	Address high level of public use in Mount Mansfield public lands and the surrounding area.
Innkeeper II - Seyon Lodge	19	68,000	Parks Special Fund	Permanent	Provide consistency necessary to serve the multiple and intensive needs of the lodge and park guests to build a repeat customer base.
Program Services Clerk - Parks Central Office	15	44,500	Parks Special Fund	Permanent	Provide critical assistance with the training and supervision of seasonal customer service staff of the reservation call center and to increase our capacity and meet demand for social media based customer service and marketing.
Financial Specialist II	19	60,000	Federal and Recreational Trails Funds, FEMA Fund Balance.	Limited Service	Part of a restructuring effort to improve business office efficiency and continuity of operations, this position will focus on accounts payable, receivable and department administrative support.

Position Title	Pay Grade	Salary	50% Bene	Total
Director of Operations and Recreation	30	75,483	37,742	113,225
Field Recreation Specialist	23	49,067	24,534	73,601
Wood Energy Coordinator	23	49,067	24,534	73,601
Recreation Call Center Agent	12	27,955	13,978	41,933
Park Maintenance Technician	19	39,395	19,698	59,093
Financial Specialist II	19	39,395	19,698	59,093



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Agency of Administration

TO: Joint Fiscal Committee
Government Accountability Committee
House Committee on Government Operations
Senate Committee on Government Operations
FROM: Maribeth Spellman, Commissioner
DATE: September 27, 2016
SUBJECT: Vermont Department of Fish & Wildlife Position Pilot Request

In accordance with Act 179, Sec. E.100(d) as amended by 2015 Acts and Resolves No. 4, Sec. 74 and Acts and Resolves No. 172, Sec. E.100.2, Secretary of Administration Justin Johnson has approved the attached position pilot request from the Vermont Department of Fish & Wildlife (VFWD).

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by VFWD, is attached for your information.

The Department of Human Resources fully supports the request to create eight positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at VFWD and has determined all vacancies are under active recruitment. Each position will increase the Department's advancement of strategic priorities using existing funding sources, conversion of temporaries and eliminate \$20,000 of contracted services.

Summary of Department of Fish & Wildlife Position Pilot Request

VFWD proposes creating eight positions (six limited service and two permanent) funded within existing departmental federal and special fund appropriations. The positions will be paid for by the use of funds from converting four existing temporaries to permanent positions and reduce the cost of contracts by transferring the funds and work to the new pilot positions. Each position will increase the Department's effectiveness and address a wide variety of conservation and public access issues that Vermonters are concerned about.

The following positions will be three-year limited service to allow for financial flexibility in future years.

Fish & Wildlife Scientist II – Funds for this position will be made available with existing federal Environmental Quality Incentive Program funds, mitigation funds dedicated to black bear research, and reduction of a temporary position needs over 1,280 hours. Work performed by the new position consists of research to improve the understanding of impacts of industrial-size wind energy on black bears.



Fish & Wildlife Education Specialist - Funds for this position will be made available through Sport Fishing Restoration, federal Wildlife Restoration, angling/hunting license funds, and reduction of a temporary positions over 1,560 hours. The new position will provide education programming at the Dead Creek Visitor Center, oversee facility management at Kehoe Green Mountain Conservation Camp, and manage the Let's Go Fishing program.

Fish & Wildlife Facilities and Lands Coordinator - Funds for this position will be made available through federal Sports Fish Restoration funds and motorboat registration fees. The position will work on operation priorities for the fisheries division including improving recreational access to the state's waters for fishing and boating.

Fish & Wildlife Specialist - Funds for this position will be made available through federal Wildlife Restoration funds, State Wildlife Grant funds, and angling/hunting license funds. The new position will manage projects and assist biological staff with waterfowl management, reptile projects, environmental impact assessments, inventory and site assessments of natural communities and wildlife management area administration.

Fish Culture Specialist IV - Funds for this position will be made available through federal Sport Fish Restoration funds and angling/hunting license funds. The new position will provide day-to-day supervision, advanced technical level maintenance skills, and professional level scientific work at Vermont's fish egg production facility.

Fish & Wildlife Scientist IV - Funds for this position will be funded through federal Wildlife Restoration funds and angling/hunting funds. This new position will manage projects and data analysis related to population modeling, habitat availability and use, and human dimensions.

The following positions will be made permanent through the position pilot program.

Fish & Wildlife Scientist III- Funds for this position will be made available through federal Sport Fish Restoration funds and angling/hunting licenses and reduction of a temporary. This new positions will oversee the potential environmental impacts and licensing of 71 hydropower projects in Vermont. The work currently is provided by a temporary with specialized skill set.

Fish & Wildlife Scientist III - Funds for this position will be made available through federal Sport Fish Restoration funds and angling/hunting license funds. The new position will focus on management of fisheries in the Northeast Kingdom including fish sampling, stocking, regulation evaluation, public outreach and habitat restoration.

Any questions should be directed to Molly Paulger at 828-3517.

c: Secretary Johnson
Secretary Markowitz
Commissioner Porter
M. Paulger





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Agency of Administration

TO: Justin Johnson, Secretary of Administration
FROM: Maribeth Spellman, Commissioner *MS*
RE: Vermont Department of Fish & Wildlife Position Pilot Request
DATE: September 23, 2016

On August 30th, 2016, I received a Position Pilot Proposals from the Vermont Department of Fish & Wildlife (VFWD). The written description required by Act 179, Sec. E.(100)(d)(4), including the method of evaluating the cost-effectiveness of the positions, as provided by VFWD, is attached for your information. Below is our recommendation and summary of our analysis.

The Department of Human Resources fully supports the request to create eight positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at VFWD and has determined all vacancies are under active recruitment. Each position will increase the Department's advancement of strategic priorities using existing funding sources, conversion of temporaries and eliminate \$20,000 of contracted services. The Department of Finance and Management is currently working with VFWD and is requesting additional information regarding the fees and contractual services and will make their recommendation directly to you.

Summary of Department of Fish & Wildlife Position Pilot Request

VFWD proposes creating eight positions (six limited service and two permanent) funded within existing departmental federal and special fund appropriations. The positions will be paid for by the use of funds from converting four existing temporaries to permanent positions and reduce the cost of contracts by transferring the funds and work to the new pilot positions. Each position will increase the Department's effectiveness and address a wide variety of conservation and public access issues that Vermonters are concerned about.

The following positions will be limited service to allow for financial flexibility in future years.

Fish & Wildlife Scientist II – Funds for this position will be made available with existing federal Environmental Quality Incentive Program funds, mitigation funds dedicated to black bear research, and reduction of a temporary position needs over 1,280 hours. Work performed by the new position consists of research to improve the understanding of impacts of industrial-size wind energy on black bears.

Fish & Wildlife Education Specialist - Funds for this position will be made available through Sport Fishing Restoration, federal Wildlife Restoration, angling/hunting licenses





funds, and reduction of a temporary positions over 1,560 hours. The new position will provide education programming at the Dead Creek Visitor Center, oversee facility management at Kehoe Green Mountain Conservation Camp, and manage the Let's Go Fishing program.

Fish & Wildlife Facilities and Lands Coordinator - Funds for this position will be made available through federal Sports Fish Restoration funds and motorboat registration fees. The position will work on operation priorities for the fisheries division including improving recreational access to the state's waters for fishing and boating.

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The following positions will be made permanent through the position pilot program.

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Any questions should be directed to Molly Paulger at 828-3517.

c: Secretary Johnson
Secretary Markowitz
Commissioner Porter
M. Paulger





Department of Fish and Wildlife

1 National Life Dr., Davis 1

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Agency of Natural Resources

MEMORANDUM

TO: Michael Clasen, Deputy Secretary
Agency of Administration

Sam Winship, Budget Analyst
Department of Finance and Management

FROM: Steve Gomez, Financial Manager
Fish & Wildlife Department

DATE: September 13, 2016

SUBJECT: Additional Information for Position Pilot Request

The Vermont Fish and Wildlife Department (Department) made a request on August 30, 2016 for eight positions through the position pilot program. This memo provides clarification on the adequacy and sustainability of funding for these positions.

The Department opted to request the majority of positions as limited service to provide financial flexibility in future years. All of the funding sources highlighted below have a combination of adequate balances and projected future revenues to meet the multi-year financial requirements of these positions. There is a heavy reliance on both federal and dedicated funds for these positions. In the first year, these eight positions will require an estimated \$350,000 of federal funds, \$105,000 of license fees, and \$70,000 of dedicated funds after subtracting the savings from converting temporary positions. The Department has the financial flexibility to fund these positions due to an availability of federal funds from multiple years of above average apportionments and unobligated funds due to retirements. These federal funds are dedicated for the purpose of fish and wildlife conservation and have many conditions on eligible expenditures. The availability of license fees is due to an increase in revenues from the fee bill, prior year budget savings, and an increase in revenues from fishing promotions. The Department will also have another round of fee increases starting in 2017. The dedicated funds are from two sources. The first source is based on an agreement reached with a wind energy developer to study the effect of wind turbines on black bears. The Department has received \$350,000 to date and will receive an installment of \$150,000 this fiscal year. There is adequate funding for the Fish and Wildlife II position focused on black bear research from the previous and current installments. The second source is motorboat registration receipts, which are managed by the DMV. The Department receives a percentage of these funds that are dedicated to boating access area improvement and maintenance. Based on DMV's fee bill request last legislative session there will be an increase in funding to cover the Fish & Wildlife Facilities and Lands Coordinator position.

The Department plans on handling contractual pay increases through the use of federal funds, dedicated funds, and license fees. There will not be an additional request for General Fund for these positions. Based on initial projections the Department anticipates an annual increase as follows for the different funding sources: \$17,000 in federal funds, \$5,000 in license fees, and \$2,500 in dedicated funds. The federal funds will be obligated from dedicated sources for fish and wildlife conservation, the license fee portion will be generated from fee bill increases and the additional sale of licenses, and the dedicated funds will be earmarked for future years. The Department has adequate and sustainable funding sources for the positions requested.

It is understood that if these positions are approved, the Department will have an open and competitive hiring process.



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Agency of Natural Resources

MEMORANDUM

TO: Justin Johnson, Secretary
Agency of Administration

Maribeth Spellman, Commissioner
Department of Human Resources

THRU: Deborah Markowitz, Secretary
Agency of Natural Resources

FROM: Louis Porter, Commissioner
Fish & Wildlife Department

DATE: August 30, 2016

SUBJECT: Position Pilot Request

BACKGROUND

The Vermont Fish & Wildlife Department's (VFWD) mission to conserve fish, wildlife, and plants and their habitats for the people of Vermont, has broad public support. Vermonters care about wildlife, their habitats, and connecting with the outdoors. The positions requested through this pilot will address a wide variety of conservation and public access issues that Vermonters are concerned about.

VFWD conducted a needs assessment of positions, starting at the division level, between May and July of 2016. The goal of the assessment was to identify the highest priority positions, first at the division level and then at the department level. A total of 14 positions were initially requested, which were presented to the Department's management team. The management team reviewed the positions and considered the following factors in the decision making process:

- 1.) Advancement of strategic priorities
- 2.) Operational needs at the division level
- 3.) Conversion of temporary positions
- 4.) Available funding



After the initial management team meeting a total of eight positions were selected for further discussion. The next step was to calculate the cost of these positions and identify funding sources to understand current and future budget constraints. Based on this analysis the Business Office confirmed that funding resources were available for these eight positions, with the majority as limited-service positions to provide financial flexibility in future years. VFWD has adequate funding for these positions through the utilization of multiple federal and dedicated funding sources, with no additional General Fund support required. A final proposal was approved by the management team to request eight positions, four as conversions from temporary positions to limited-service positions and four new positions.

RESULTS AND BENEFITS

The positions requested through this pilot will improve VFWD's capacity to serve Vermonters' interest in protecting and enhancing fish and wildlife resources. The positions focus on issues such as habitat protection and improvement, the management of iconic wildlife such as black bear, trout and waterfowl; public access to the outdoors, and connecting people with the outdoors. These positions will strengthen VFWD's ability to accomplish its mission to protect and conserve our fish, wildlife, plants, and their habitats for the people of Vermont. In addition to the important programmatic gains made through these positions, they will also create administrative and financial efficiencies including leveraging additional federal funds and reducing recruitment and training costs. Below are the anticipated outcomes from these positions:

- Improvement of fish and wildlife resources:
 - Increase assistance to private landowners to develop wildlife habitat plans.
 - Improve aquatic habitat on VFWD owned riparian buffers.
 - Increase support for state land management and long range management plans.
 - Increase the number of sites monitored for critical natural community information.
 - Enhance scientific design, data management, and analysis regarding research of Vermont's wildlife.
 - Enhance processing of environmental review projects for Section 248 and Act 250.
 - Active participation in all Federal Energy Regulatory Commission and 401 Water Quality Certifications with fisheries or aquatic habitat considerations.
 - Manage wild lake trout populations in at least seven inland lakes.
 - Maintain Atlantic Salmon in Lake Memphremagog and the Clyde River.
 - Meet production goals for fish eggs based on biological requests.
 - Understand the impacts of wind energy projects on black bear habitat use and behavior for evaluating future siting of projects.

- Connecting Vermonters with the outdoors
 - Increase the number of educational programs at VFWD's Dead Creek Visitor Center.
 - Increase the number of courses and participants for the Let's Go Fishing program.
 - Complete a needs assessment on how to better serve boaters and anglers and generate a recommendation report.
 - Complete Americans with Disability Act accessibility plan for VFWD's boating access areas.
- Administrative and financial efficiencies
 - Eliminate \$20,000 of contracted services
 - Convert four temporary positions to limited-service.
 - Oversee regulatory permit requirement for a renewable energy project.
 - Reduce standby hours and emergency response time for off-hour problems at fish culture stations.
 - Increase opportunities for marinas, non-profits, and towns/cities to obtain federal funding for boating infrastructure improvements.

PROPOSAL

Conversions

VFWD proposes to convert four temporary positions to limited-service positions, which will utilize available federal funds and dedicated monies and reduce the number of waiver requests submitted for temporary employees. If the position pilot option is available in the future and it appears financially and operationally prudent, VFWD hopes to continue the transition of temporary employees to limited service status in upcoming years, in order to better serve VFWD without needing wavier requests.

- *Fish & Wildlife Scientist II:* This proposed five-year limited service position, would be funded through federal Environmental Quality Incentive Program funds and mitigation funds dedicated to black bear research. This position will both oversee research to improve the understanding of impacts of industrial-size wind energy facilities on black bear behavior and habitat use along forested ridgelines and provide technical assistance to private landowners on wildlife habitat improvement projects. This position supports VFWD's strategic goals of conserving Vermont's wildlife species to maintain ecosystem integrity and conserving, restoring, and enhancing habitats to maintain ecological values. This is an operational priority for the wildlife division in order to complete the black bear research project and to provide private land technical assistance in southeastern Vermont. The position will be funded with



federal funds and dedicated mitigation funds and will not create a budgetary need for state funds. It will also result in the reduction of a temporary position that worked in excess of 1,280 hours in 2016.

- *Fish & Wildlife Education Specialist:* This proposed four-year limited service position, funded through federal Sport Fish Restoration, federal Wildlife Restoration, and angling/hunting license funds will provide Vermonters with increased educational opportunities at the Dead Creek Visitor Center in Addison, Vermont, the Kehoe Green Mountain Conservation Camp in Castleton, Vermont and as part of the Let's Go Fishing program. The position will: a.) oversee educational programming at the Dead Creek Visitor Center and provide visitor services for hunters, anglers, bird watchers, school groups, and etc., b.) oversee facility management at the Kehoe Green Mountain Conservation Camp including the visitor center, camps, firearm ranges, and the property overall, and c.) manage the Let's Go Fishing program by training instructors, overseeing the equipment inventory, and organizing events. The position supports VFWD's strategic goal of providing a diversity of wildlife-based activities and opportunities. This is an operational priority for the outreach, fisheries, and wildlife division since the position provides educational support for a breadth of wildlife and fisheries based activities and will allow the public to connect with VFWD's mission. The creation of this position will allow the VFWD to reduce a temporary position that exceeds 1,560 hours worked per year.
- *Fish & Wildlife Facilities and Lands Coordinator:* This proposed five-year limited service position, funded through federal Sport Fish Restoration funds and motorboat registration fees, which are dedicated for access area development and maintenance, will increase VFWD's capacity to meet an increasing demand for improved recreational access to the state's waters for fishing and boating. This position will focus on inspecting access area sites, prioritizing projects, overseeing the implementation of projects, and managing Clean Vessel Act and Boating Infrastructure Grants that are distributed to marinas and municipalities throughout the state. The position supports VFWD's strategic goal of providing fishing opportunities and public access to Vermont waters. This is an operational priority for the fisheries division in order to increase recreational opportunities for Vermonters.
- *Fish & Wildlife Specialist:* This proposed four-year limited service position, funded through federal Wildlife Restoration funds, State Wildlife Grant funds, and revenues from the sale of angling and hunting licenses, will provide critical support to wildlife projects in northwestern Vermont including the Dead Creek Wildlife Management Area. This position will both manage projects independently and assist biological staff with waterfowl management, reptile projects, environmental impact assessments, inventory and site assessments of natural communities and wildlife management area administration. This position supports VFWD's strategic



goal to conserve, enhance, and restore Vermont's natural communities, habitats, and species along with the ecological process to sustain them. The creation of this position will allow the VFWD to reduce a temporary position that exceeds 1,560 hours worked per year.

New Positions

- *Fish & Wildlife Scientist III:* This proposed permanent position, funded through federal Sport Fish Restoration funds and revenues from the sale of angling and hunting licenses, will oversee the potential environmental impacts and licensing of 71 hydropower projects in Vermont. These projects require continuous VFWD involvement and the position must develop standards for flow regulation, fish studies, and habitat studies, as well as assess the impacts of hydropower projects on hydrology, biology, water quality, geomorphology, and habitat connectivity. This review requires specialized skills not available elsewhere, and are currently being provided by hiring the previous employee in this position back on a temporary basis. Additional funding may be available through permitting fees charged for the FERC license and 401 Water Quality Certification review. This position supports VFWD's strategic goal to conserve, enhance, and restore Vermont's natural communities, habitats, and species along with the ecological process to sustain them. This is an operational priority for the fisheries division in order to meet licensing, permitting, and certification requirements for hydropower to protect aquatic habitat.
- *Fish & Wildlife Scientist III:* This proposed permanent position, funded through federal Sport Fish Restoration funds and revenues from the sale of angling and hunting licenses, will provide expertise and management of fisheries in the Northeast Kingdom. This position will conduct fish sampling, stocking and regulation evaluations, public outreach, and habitat restoration and protection for landlocked salmon and trout, which are important species for recreational angling. This position will serve a critical role of representing fish species and angling in regulatory programs such as Act 250, Section 248, Stream Alteration, Shoreland Protection, Lake Encroachment, Corps of Engineers Section 10 and 404, and FERC hydropower licensing. This position is also the lead person for the acquisition and management of state-owned riparian lands. This position supports VFWD's strategic goal to conserve, enhance, and restore Vermont's natural communities, habitats, and species along with the ecological process to sustain them and the strategic goal to provide a diversity of safe and ethical fish and wildlife-based activities. This is an operational priority for the fisheries division to manage wild lake trout, landlocked Atlantic, and other fish species in the Northeast Kingdom, as well as improve aquatic habitat.



- *Fish Culture Specialist IV*: This proposed five-year limited service position, funded through federal Sport Fish Restoration funds and revenues from the sale of angling and hunting licenses, will provide day-to-day supervision, advanced technical level maintenance skills, and professional level scientific work at Vermont's fish egg production facility. The position will ensure all nutritional, fish health, and water quality components of fish production goals and objectives are met in compliance with facility permits. The position will issue schedules and assignments to staff and provide training. The position will also oversee the collecting, transporting, and stocking of fish, as well as public outreach efforts related to fish culture. This position supports VFWD's strategic goal to provide a diversity of safe and ethical fish and wildlife-based activities. This is an operational priority for the fisheries division since the position involves supervisory work at the Department's dedicated fish egg production facility.
- *Fish & Wildlife Scientist IV*: This proposed four-year limited service position, funded through federal Wildlife Restoration funds and revenues from the sale of angling and hunting licenses, will provide research design and data analysis for all wildlife projects, with a focus on wildlife populations. This position will serve as the division's biometrician that will advise and assist biologists and managers to ensure the proper use of statistical experimental design and data analysis and that investigations are conducted efficiently and effectively with respect to design and analysis. This position will manage projects and data analysis related to population modeling, habitat availability and use, and human dimensions. These projects will cover a suite of species including white-tailed deer, moose, turkey, black bear, and furbearers. The position will also review scientific literature, and prepare technical trainings for staff. This position supports VFWD's strategic goal to conserve, enhance, and restore Vermont's natural communities, habitats, and species along with the ecological process to sustain them. This is an operational priority for the wildlife division in order to strengthen the statistical analysis of data, population models, and regulatory recommendations.

Please let me know if you have any questions and thank you for your consideration.

Position Title	Pay Grade	Permanent or Limited Service	Summary of Work	Estimated Annual Salary	Funding Sources
Fish & Wildlife Scientist III	24	Permanent	Oversees hydropower and Federal Energy Regulatory Commission licensing, which includes developing standards for flow regulation, fish passage, and habitat, assesses environmental impacts, and involvement with water quality violations.	\$77,000	75% federal, 25% license fees
Fish & Wildlife Scientist III	24	Permanent	Serves as the inland lake trout and salmon biologist for the Northeast Kingdom. Duties include fish sampling, stocking and regulation evaluations, public outreach, and habitat protection and restoration.	\$77,000	75% federal, 25% license fees
Fish Culture Specialist IV	23	Limited Service 5 years	Serves as the on-site supervisor for the Salisbury Fish Culture Station with duties that include the training, scheduling, and assignment of personnel for fish culture operations, ensuring that water quality, nutritional, and fish health objectives are met, and assisting with public outreach.	\$84,000	75% federal, 25% license fees
Fish & Wildlife Facilities and Lands Coordinator	23	Limited Service 5 years	Assist with the management of state-owned access areas and boating related federal grants including developing contracts, site inspections, and public outreach.	\$74,000	75% federal, 25% boating registration fees
Fish & Wildlife Scientist II	23	Limited Service 5 years	Oversees the Deerfield Wind Black Bear study and EQIP projects. Duties include capturing and monitoring black bears, analyzing movement and behavior data, and developing wildlife habitat plans for private landowners.	\$74,000	33% federal, 67% mitigation funds
Fish & Wildlife Education Specialist	23	Limited Service 4 years	Manage the Education Center at Kehoe, coordinate the Let's Go Fishing program, and develop/coordinate seasonal education programs at Dead Creek.	\$74,000	65% federal, 35% license fees
Fish & Wildlife Scientist IV (Research Coordinator/Biometrician)	25	Limited Service 4 years	Position will provide research design, data analysis and division management assistance on all wildlife projects. Assistance will also be provided to other department divisions.	\$80,000	75% federal, 25% license fees
Fish & Wildlife Specialist - Essex	21	Limited Service 4 years	Provide critical support to projects in all 3 division programs including waterfowl management, WMA management, reptile project, environmental impact assessment, and mapping, inventory and site assessments of natural communities.	\$69,000	71% federal, 29% license fees



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Agency of Administration

TO: Joint Fiscal Committee
Government Accountability Committee
House Committee on Government Operations
Senate Committee on Government Operations
FROM: Maribeth Spellman, Commissioner
DATE: September 27, 2016
SUBJECT: Agency of Natural Resources Position Pilot Request

In accordance with Act 179, Sec. E.100(d) as amended by 2015 Acts and Resolves No. 4, Sec. 74 and Acts and Resolves No. 172, Sec. E.100.2 in 2016 to include the Agency of Natural Resources (ANR). Secretary of Administration Justin Johnson has approved the attached position pilot request from ANR.

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by ANR, is attached for your information.

The Department of Human Resources fully supports the request to create two positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at ANR and has determined all vacancies are under active recruitment.

Summary of the Agency of Natural Resources Central Office Position Pilot request

ANR proposes creating two limited service positions (one two-year limited service and one three-year limited service) funded within existing departmental federal and special fund appropriations. The positions will be paid for by a transfer of carryforward funds from FY 16 and through existing funding available within the Natural Resource Management Fund (CPG application fees). The following positions will be limited service to allow for financial flexibility in future years.

System Developer III – The two-year limited position will work in the ANR Information Technology Division supporting the Natural Resource Board by creating a fully searchable public database of all Act 250 permits and an electronic application system. The position is being requested as limited service because it is expected the work will be completed within two years. The funding will be available by an inter-departmental transfer from the NRB's Act 250 fees. Funding has been requested through NRB's August 2016 carry forward memo. This position will avert the need to contract with a vendor to accomplish this work.





Senior Planner & Policy Analyst – This position will play a lead role in coordinating ANR's involvement in Act 174 implementation and the development of municipal enhanced energy plans. The position will support the planning director and will coordinate review of the energy projects, related policy development, and focus on creating additional efficiencies. By adding this position ANR will be able to better absorb the high volume of critical work related to ensuring that renewable energy projects are deployed consistent with other state and federal laws.

Any questions should be directed to Molly Paulger at 828-3517.

c: Secretary Markowitz
M. Paulger





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Agency of Administration

TO: Justin Johnson, Secretary of Administration
FROM: Maribeth Spellman, Commissioner
RE: Agency of Natural Resources Position Pilot Request
DATE: September 23, 2016

On September 2, 2016, I received the attached Position Pilot Proposal from the Agency of Natural Resources Central Office (ANR) based on Act 179, Sec. E.(100)(d)(4) from the 2014 Session and amended by Act 172, Sec. E.100.2(1) in 2016, to include ANR in the Position Pilot. Below is our recommendation and summary of our analysis.

The Department of Human Resources fully supports the request to create two positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at ANR and has determined all vacancies are under active recruitment.

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Any questions should be directed to Molly Paulger at 828-3517.



To: Justin Johnson, Secretary of Administration, and Maribeth Spellman,
Commissioner of Human Resources
Cc: Michael Clasen, Deputy Secretary of Administration
From: Deb Markowitz, Secretary of Natural Resources
Date: September 2, 2016
RE: Position Pilot Proposal to Agency of Administration

EXECUTIVE SUMMARY

The Agency of Natural Resources (ANR) Central Office is proposing to add two limited-service positions: (i) an IT Developer who will design and implement needed information technology (IT) improvements within the Natural Resources Board's (NRB) Act 250 permit process, and (ii) a Senior Planner to ensure timely and high quality review of applications for renewable energy generation projects and to support regional and municipal enhanced energy planning, as provided for in Act 174.

First, ANR proposes to hire a two-year limited service IT position to be responsible for the design, development, and testing of desktop and web solutions. Funding for the position will be through an inter-departmental transfer to ANR from NRB's Special Fund #21260 (Act 250 permit fees). The estimated cost of the position is \$100,000 per year. ANR and NRB are partnering to improve NRB's information technology systems devoted to managing Act 250 land use permit applications. These improved systems will enhance service to the regulated community and general public and also increase the administrative capacity within NRB's central and regional offices.

Next, ANR proposes to hire a three-year limited service position within the Office of Planning and Policy that will support the planning director by managing ANR's participation in Public Service Board Certificate of Public Good proceedings. It is particularly important that we get this position in place as we do not currently have the capacity to respond to an increase in project volume that will result from the state's new net metering program that will launch in 2017. The position will also coordinate ANR's technical support for the enhanced energy planning contemplated by Act 174. The estimated cost of the position is \$100,000 per year, and all funding will come directly from the Natural Resources Management Fund, fund #21475 (CPG application fees.) The added capacity will allow ANR's regulatory review to keep pace with the deployment of renewable generation necessary to meet the state's renewable energy standard and will provide critical assistance to communities as they plan for the state's renewable energy transformation at the local and regional scale.

BACKGROUND

A. Working with ANR's "Lean" team, NRB identified two important business process improvements during a December, 2015 Lean event focused on the Act 250 application process. These improvements will provide better public access to current and historical Act 250 permit information, reduce duplicate data entry and provide applicants with a tool for filing and tracking Act 250 applications online.

The Lean event identified considerable time spent responding to customer inquiries on application status, responding to document requests, and entering data and documents into multiple overlapping systems. For example, administrative staff enter data about Act 250 applications into two databases, one used by the public to access pending applications and one used by NRB program staff to monitor caseloads and produce reports.

- The first recommendation following from the Lean event was to modernize and consolidate the current NRB application and file information technology systems. If implemented, this would result in a new searchable, web-based Act 250 database site to provide public access to in-process Act 250 applications and legacy permit files. This database application would also consolidate several existing internal and external facing databases used by Act 250 staff, reducing duplicate data entry, improving data quality, and saving staff time. The public database will incorporate collaboration and workflow functions to facilitate timely and coordinated review of current Act 250 applications by Act 250 staff, District Commissioners, and state agencies.
- The increased internal capacity created by this application would also lead to enhanced customer service by enabling NRB to transition to an online application submittal process. As such, the second recommendation from the Lean event was to develop a fully electronic, web-based e-filing system that would enable Act 250 applicants to submit application forms and documents on line, eliminating paper from the application process. Information entered by applicants will populate the Act 250 database described above, enabling applicants to save and reuse application data such as contact information, property location, and project-specific details. This will reduce cost and save time for Act 250 applicants (NRB's customers!), both of which have been identified as important goals.

In order to accomplish this initiative, NRB is partnering with ANR IT to complete these two integrated projects, because NRB lacks dedicated IT staff of its own. ANR has developed similar online resources to support its own permit programs. In addition, the NRB also worked with IT staff from the Agency of Commerce and Community Development (ACCD) to define the scope of business requirements for the project, identifying objectives, goals, scope and ranking business requirements according to need. This project development support from ACCD reflects the agency's mission of promoting economic development consistent with Vermont's land use and planning statutes.

B. ANR plays a critical role in transitioning Vermont towards the state's goal of 90% renewable energy by 2050. State statute requires ANR to participate in Public Service Board (Board) Certificate of Public Good (CPG) proceedings, providing the Board evidence and recommendations regarding the natural resource impacts of proposed energy projects. ANR also provides extensive policy guidance, technical assistance and information to the energy development community, utilities, interested citizens and municipalities regarding the siting of energy projects and strategies to maximize the greenhouse gas reduction benefits of renewable energy generators. The Office of Planning and Policy (OPP) coordinates ANR's energy project review, policy develop and external relations. OPP currently consists of three staff: the planning

director and two regulatory policy analysts. Recognizing the high volume of critical work undertaken by OPP in order to ensure that renewable energy projects are deployed consistent with other state and federal environmental laws, the Vermont General Assembly established a new fee for CPG applications to support roughly 35% of OPP's budget at the conclusion of the 2015 legislative session.

Applications for new energy projects have increased dramatically over the past three years (for instance 106 CPG applications for solar projects greater than 15kW were received in 2013, rising to 252 applications in 2015), and application numbers are poised to spike again as a new net metering program comes on-line in 2017. In addition to the new net metering program, which will prioritize development of complex sites such as landfills and brownfields that require extensive ANR review, the state's Renewable Energy Standard (RES) requirements become effective in 2017, prompting additional, larger scale renewable energy projects and requiring enhanced coordination with the state's electric utilities. Additionally, Act 174 of 2016 created the opportunity for towns and regions to develop enhanced energy plans, which, if consistent with state's energy goals, will garner substantial deference with regards to energy siting decisions at the Board. ANR is working closely with the Public Service Department to support this effort and will need to provide extensive assistance to regional planners and municipalities regarding the appropriate consideration of natural resource constraints as enhanced energy plans are developed.

Given the steady increase in CPG applications over the past three years, the anticipated additional increase in applications as new state incentive programs and portfolio standards come on-line in 2017 and a new, complex statewide energy planning initiative, ANR seeks to add a new limited service position, a Senior Planner in the Office of Planning and Policy. Without this position, ANR will struggle to deliver timely and high quality review of these projects in this next, critical stage of renewable energy deployment in Vermont and support the new net metering program, the RES and statewide energy planning. Lack of capacity will slow the regulatory process, impede the deployment of renewable energy across the state and hinder municipal and citizen involvement in the energy permitting process.

POSITION DESCRIPTIONS

Systems Developer III – In order to support NRB's critical initiative to create a fully searchable public database of all Act 250 permits and an electronic application system, ANR proposes to hire a two-year limited service position that is responsible for the design, development, and testing of desktop and web solutions. The NRB will provide funding for the position through an inter-departmental transfer from its Special Fund #21260 (Act 250 fees) to this position. To facilitate that inter-departmental transfer, NRB will submit a Request to Expend Excess Fee Receipts to make these funds available to the Agency of Natural Resources. NRB identified the use of these funds for this purpose in its August 1, 2016 Carry Forward memorandum to the Commissioner of Finance and Management. The estimated cost of the position is \$100,000 per year, and the project is expected to be completed within two years.

Although the position will be dedicated to the NRB, it will be hired and supported within the ANR Information Technology Division. ANR has the technical expertise to develop and deploy

the Act 250 Database and E-filing system (the Project), and with this additional staff resource, ANR IT will have the capacity to complete the work without impacting its own IT priorities. The NRB and ANR currently share business administration functions, Human Resource services and IT desktop support. The ANR IT staff built and maintains one of the existing Act 250 databases so they are already familiar with the NRB's needs. It is likely that ANR IT will support the database and application platforms after completion of the project, therefore it makes sense for this partnership rather than to pursue an outside vendor.

Senior Planner and Policy Analyst – This proposed three-year limited service position, funded through CPG application fee revenue, will support the ANR planning director and coordinate ANR regulatory review of energy projects, development of related policies and focus on creating additional efficiencies within the ANR's CPG review process. This position will play a lead role in coordinating the ANR's involvement in Act 174 implementation and the development of regional and municipal enhanced energy plans. Current staffing in the ANR's Office of Planning and Policy consists of the planning director and two regulatory policy analysts, this position will be senior to the two analysts and assist the director with the day to day management of the office and assume certain responsibilities for representing the Agency at interagency and external meetings regarding energy and land use policy. The estimated cost of the position is \$100,000 per year, and all funding will come directly from the Natural Resources Management Fund, fund #21475.

Position Title	Pay Grade	Estimated Annual Cost	Funding Source	Permanent or Limited Service	Summary
Systems Developer III	26	\$100,000	Act 250 Permit Funds	Limited Service	Develop priority information technology (IT) improvements within the Natural Resources Board's (NRB) Act 250 permit process.
ANR Senior Planner & Policy Analyst	26	\$100,000	Section 248 CPG Application Fee Funds	Limited Service	Ensure timely and high quality review of applications for renewable energy generation projects and support regional and municipal enhanced energy planning, as provided for in Act 174.
Position Title	Pay Grade	Estimated Annual Cost	Funding Source	Limited Service	Summary



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Agency of Administration

TO: Joint Fiscal Committee
Government Accountability Committee
House Committee on Government Operations
Senate Committee on Government Operations
FROM: Maribeth Spellman, Commissioner
DATE: September 27, 2016
SUBJECT: Department for Children and Families Position Pilot Request

In accordance with Act 179, Sec. E.100(d) as amended by 2015 Acts and Resolves No. 4, Sec. 74 and Acts and Resolves No. 172, Sec. E.100.2, Secretary of Administration Justin Johnson has approved the attached position pilot request from the Department for Children and Families (DCF).

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by DCF, is attached for your information.

The Department of Human Resources fully supports the request to create two positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at DCF and has determined all vacancies are under active recruitment.

Summary of the Department for Children and Families Position Pilot request

DCF proposes creating a Data Analyst & Information Coordinator and Administrative Support Services positions created in the Children's Integrated Services (CIS) unit, paid for within existing departmental federal fund appropriations. The positions will be paid for by ending contracted services and transferring the work to these newly created positions. The work will be easier to monitor and adjust as needs arise compared to modifications to contracts and negotiation processes.

Data Analyst & Information Coordinator – The new position will be responsible for completing all contracted work related to data analysis and reporting, quality assurance and oversight of the federal ~~IDEA Part C Early Intervention Program associated with CIS. The work is required to be in place~~ year-round as stipulated in DCF's application. The contracted work currently costs more than the estimated cost of a full-time employee at Pay Grade 22.

Administrative Support Services – This new position will be responsible for working with community partners with the collection and organization of data as well as verification of information required for prior approval of billing submitted for Federal Part C Programs. The contracted work currently costs more than the estimated cost of a full-time employee at PG 15.

Any questions should be directed to Molly Paulger at 828-3517.

c: Commissioner Schatz
M. Paulger





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Agency of Administration

TO: Justin Johnson, Secretary of Administration
FROM: Maribeth Spellman, Commissioner
RE: Department for Children and Families Position Pilot Request
DATE: September 22, 2016

On August 12, 2016, I received the attached Position Pilot Proposal from the Agency of Natural Resources Central Office (ANR) based on Act 179, Sec. E.(100)(d)(4) from the 2014 Session and amended by Act 172, Sec. E.100.2(1) in 2016, to include DCF in the Position Pilot. Below is our recommendation and summary of our analysis.

The Department of Human Resources fully supports the request to create two positions with the Position Pilot Program. We believe the request is an appropriate use of the Position Pilot. Department of Human Resources has reviewed vacancies at DCF and has determined all vacancies are under active recruitment.

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Data Analyst & Information Coordinator – The new position will be responsible for completing all contracted work related to data analysis and reporting, quality assurance and oversight of the federal IDEA Part C Early Intervention Program associated with CIS. The work is required to be in place year-round as stipulated in DCF's application. The contracted work currently costs more than the estimated cost of a full-time employee at Pay Grade 22.

Administrative Support Services – This new position will be responsible for working with community partners with the collection and organization of data as well as verification of information required for prior approval of billing submitted for Federal Part C Programs. The contracted work currently costs more than the estimated cost of a full-time employee at PG 15.

Any questions should be directed to Molly Paulger at 828-3517.





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Agency of Human Services

MEMORANDUM

To: Justin Johnson, Secretary of Administration
From: Ken Schatz, Commissioner, Department of Children and Families
CC: Hal Cohen, Secretary, Agency of Human Services
Date: August 12, 2016
Re: CDD DCF Position Pilot Request

Introduction

The Department for Children and Families (DCF) is requesting approval to convert two contracted positions to permanent classified positions through its position pilot authority. The pilot was created to help participating departments more effectively manage, by removing the position cap with the goal of maximizing resources, to the greatest benefit of Vermont taxpayers. In implementing the pilot, DCF is authorized to create new positions as long as they are funded within existing appropriations and approved by the Secretary of Administration.

Pilot Purpose & Description of Requested New Position

DCF is requesting that a contracted data analysis and quality assurance position, as well as, a contracted administrative support position, tasked with the development and dissemination of documents for regional partners for data and billing within our Children's Integrated Services (CIS) unit of the Child Development Division (CDD), be permanent classified positions. The data analyst position is currently contracted through Vermont Family Network by means of a contract for services related to CIS's mission. The administrative support position is currently contracted through the Rutland Parent Child Center, again, through a larger contract for services related to CIS's mission. Both contracted positions are located at the Waterbury State Office Complex. This conversion will result in a corresponding reduction in contracted services expenses to vendors and will yield an estimated savings of \$1,049.

Method and Source of Funding and Evaluation of Cost-Effectiveness of Pilot

The source of funding for these pilot position requests is 100% federal IDEA - Part C funds. The work expectations and job duties performed by these positions are required in order for the State to comply with the approved State application for Part C funding. Attached with this pilot request document is a copy of the State's supporting documentation noting the projected savings in contract costs. (Attachment A)





The conversion of these two contracted positions will result in a modest savings to the State. Supporting spreadsheets which document the cost neutrality of these positions have been included as attachments A, B and C with this request. Establishing these positions as permanent classified State employees, will not require the State to spend any additional funding beyond what is currently spent annually. By converting these positions from their current contractor status to permanent classified employees, the State will be better able to monitor and control the work output and focus of these two positions than we are currently able to do through our contracts with community partners. Under the current contractor work agreement any changes to job specifications or duties require negotiations and amendments to the contract's SOW. This prevents CIS from being able to easily modify and adjust the work as necessary. Converting these positions will increase effectiveness and allow greater oversight.

A. Data Analyst & Information Coordinator Position

CIS offers early intervention, family support, and prevention services that help ensure the healthy development and well-being of children, pre-birth to age 5. The currently contracted data analyst position is responsible for providing data analysis and reporting, as well as, quality assurance and oversight regarding the federal IDEA Part C Early Intervention Program and all the services provided under CIS. This position provides support to State staff and works closely with community partners in the analysis of data and the use of data for program improvement. This contracted position through the Vermont Family Network, is currently funded through IDEA Part C funding and is specifically required to be in place year-round as stipulated in our application for funding. This position's work is integral to CIS's mission and ability to fulfill the unit's required reporting and program management functions.

The current contracted amount for Evaluation and Quality Assurance services is \$73,700. This sum includes all costs, including salary, fringe, administrative and indirect costs, mileage, training and professional development, as necessary to meet the contract requirements. We propose to convert this contractor position to a classified state employee: Data Analyst & Information Coordinator, Pay Grade 22 Step 2 (per 2017 Pay Plan). Based upon the cost estimate worksheet provided by the Business Office, included with this submission, the base salary and benefits cost of approximately \$73,115 in expenditures per year, results in a modest savings to the State. (Attachment B)

B. Administrative Support Services Position

The currently contracted administrative support services position is responsible for providing administrative support to state staff in the development and dissemination of documents for the public, as well as, the development and processing of documents from regional CIS partners related to data collection and billing with regards to the federal IDEA Part C Early Intervention program. This position works closely with community partners in the collection and organization of data for federal and state reporting needs and the collection and verification of information required for prior approval of billing submitted through HPE for Federal Part C Programs. This contracted position currently is funded through IDEA Part C funding and is specifically required to be in place year-round as stipulated in our application for funding. This position's work is integral to CIS's mission and ability to fulfill the unit's required reporting and program management functions.





This position is currently funded through a contract for services with the Rutland Parent Child Center. The current contracted amount for Administrative Support Services is \$52,000. This sum includes all costs including salary, fringe, administrative and indirect costs, mileage, training and professional development as necessary to meet the contract requirements. We propose to convert this contractor position to a permanent classified State employee: Administrative Services Technician I, Pay Grade 15 Step 2 (per 2017 Pay Plan). This will result in a base salary and benefits cost of approximately \$51,536 in expenditures per year, which results in a modest savings to the State. (Attachment C)

Conclusion

I hope that you will approve the conversion of these two contracted positions at DCF to permanent classified employees. The legislation that created this pilot states in Section E.100(d)(4); "At least 15 days prior to the establishment of Pilot Positions, the Joint Fiscal Committee, the Government Accountability Committee, and the House and Senate Committees on Government Operations shall be provided a written description from the Pilot entity and the Commissioner of Human Resources of the method for evaluating the cost-effectiveness of the positions." DCF requests that the Commissioner of the Department of Human Resources forwards this position pilot request to these legislative committees. Please feel free to contact me with any questions you may have or information you may need. Thank you.



CDD Pilot Position vs. Contracted Position Cost-Savings Analysis

SFY17 Projected Budgetary Costs Through Continued Contracted Services		
Data Analyst & Information Coordinator		\$ 67,000.00
Indirect Fees Charged By Contractor	10%	\$ 6,700.00
		\$ 73,700.00
Admin Services Technician I		
(Flat charge through contract includes all fees, indirect charges, servicing, etc.)		\$ 52,000.00
	Total Personnel Costs	\$ 125,700.00
Proposed SFY17 Projected Budgetary Costs Through Pilot Position		
Data Analyst & Information Coordinator	\$73,115	
Admin Services Technician I	\$51,536	
Total Budget Costs As State Employees (LTD or Perm)		\$124,651
TOTAL Cost to State		
SFY17 Projected Savings To State		\$ 1,049.00

ESTIMATED COST TO BUDGET FOR A NEW FTE SFY17

Budget Detail (Based on 7/10/16 Payroll Chart)

				Budget Period	From: 07/01/16	To: 06/30/17
Program			SFY Hourly Rate	% to	Salary	Fringe
Number	Position Title	PayGrade/Step		Project	Expense	Benefits
	Data Analyst & Information Coord	22/2	22.29	100%	46,363.20	41.23%
					0.00	41.23%
					0.00	41.23%
					0.00	41.23%
					0.00	0.00
						0.00
				FTEs: 1.00		
	Personnel (listed above)			subtotal	\$ 46,363	
	Fringe Benefits (includes FICA, retirement, workers' comp and health, dental & life insurance)			subtotal	\$ 19,116	
	Total Personnel Services					
	Travel					
	~ In-State Travel			0		
	~ Out-of-State Travel			0		
	Equipment					
	~ Start-up Computer Equipment Hardware and Software					
	~ Start-up Eqpt (Desk, Chair, other)					existing already
	Supplies					
	~ Miscellaneous Supplies			0		
	~ Office Supplies			100		
	Contractual					
				0	\$ 46,363	
	Other					
	~ Space			2,100		
	~ Printing & Duplicating			50		
	~ Telephone			758		
	Total Operating					3,908
	CAP Charges - 10% (calculated on all expenditures)		@ 10.00%	subtotal	\$ 4,636	
	GRAND TOTAL					\$ 74,115
*Position funded through IDEA Part C funding in State application as quality assurance through VT Family Network contract.						

**ESTIMATED COST TO BUDGET FOR A NEW FTE
SFY17**

Budget Detail (Based on 7/10/16 Payroll Chart)

				Budget Period	From: 07/01/16	To: 06/30/17
Program			SFY Hourly Rate	% to	Salary	Fringe
Number	Position Title	PayGrade/Step		Project	Expense	Benefits
	Administrative Services Technician I	15/2	15.43	100%	32,084.40	41.23%
					0.00	41.23%
					0.00	41.23%
					0.00	41.23%
					0.00	0.00
						0.00
						0.00
				FTEs: 1.00		
	Personnel (listed above)			subtotal	\$ 32,094	
	Fringe Benefits (includes FICA, retirement, workers' comp and health, dental & life insurance)			subtotal	\$ 13,233	
	Total Personnel Services					\$ 45,327
	Travel					
	~ In-State Travel			0		
	~ Out-of-State Travel			0		
				subtotal	\$ 0	
	Equipment					
	~ Start-up Computer Equipment Hardware and Software					
	~ Start-up Eqpt (Desk, Chair, other)					
				subtotal	\$ 0	
	Supplies					
	~ Miscellaneous Supplies			0		
	~ Office Supplies			100		
				subtotal	\$ 100	
	Contractual					
				0	\$ -	
				0		
				subtotal	\$ 0	
	Other					
	~ Space			2,100		
	~ Printing & Duplicating			50		
	~ Telephone			750		
				subtotal	\$ 2,900	
	Total Operating					\$ 48,227
	CAP Charges - 10% (calculated on all expenditures)		@ 10.00%	subtotal	\$ 3,209	
	GRAND TOTAL			total		\$ 51,436
*Position funded through IDEA Part C funding in State application as quality assurance through VT Family Network contract.						



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Hal Cohen, Secretary

MCO Investment Report

Report to the Joint Fiscal Office

Pursuant to 33 VSA § 1901e

Hal Cohen, Secretary
Vermont Agency of Human Services

October 1, 2016

MCO Investment Expenditures

Department	Criteria	Investment Description	SFY12 Actuals	SFY13 Actuals	SFY14 Actuals	SFY15 Actuals	SFY16 Actuals
AOE	2	School Health Services	\$ 11,027,579	\$ 9,741,252	\$ 10,454,116	\$ 10,029,809	\$ 10,472,205
AOA	4	Blueprint Director	\$ -	\$ -	\$ -		
AOA	4	Green Mountain Care	\$ -	\$ -	\$ -	\$ 639,239	
GMCB	4	Green Mountain Care Board	\$ 789,437	\$ 1,450,717	\$ 2,360,462	\$ 2,517,516	\$ 2,188,901
DFR	2	Health Care Administration	\$ 1,897,997	\$ 659,544	\$ 165,946		
DII	4	Vermont Information Technology Leaders	\$ -	\$ -	\$ -		
VVH	2	Vermont Veterans Home	\$ 1,410,956	\$ 1,410,956	\$ 410,986	\$ 410,986	\$ 410,986
VSC	2	Health Professional Training	\$ 405,407	\$ 405,407	\$ 405,407	\$ 409,461	\$ 629,462
UVM	4	Vermont Physician Training	\$ 4,006,156	\$ 4,006,156	\$ 4,006,156	\$ 4,046,217	\$ 4,046,217
VAAFM	3	Agriculture Public Health Initiatives	\$ 90,278	\$ 90,278	\$ 90,278	\$ 90,278	\$ 90,278
AHSCO	2	Designated Agency Underinsured Services	\$ 5,401,947	\$ 6,232,517	\$ 7,184,084	\$ 6,894,205	\$ 5,632,253
AHSCO	4	2-1-1 Grant	\$ 415,000	\$ 415,000	\$ 499,792	\$ 499,667	\$ 453,000
VDH	2	AIDS Services/HIV Case Management	\$ -	\$ -		\$ -	
VDH	2	Newborn Screening	\$ -	\$ -	\$ -	\$ -	
VDH	2	DMH Investment Cost in CAP	\$ 140	\$ -	\$ -	\$ -	
VDH	2	Renal Disease	\$ 1,752	\$ 28,500	\$ 3,375	\$ 10,125	\$ 13,500
VDH	2	TB Medical Services	\$ 39,173	\$ 34,046	\$ 59,872	\$ 28,571	\$ 9,738
VDH	4	Immunization	\$ 23,903	\$ 457,757	\$ 165,770	\$ 253,245	\$ 109,373
VDH	2	Emergency Medical Services	\$ 274,417	\$ 378,168	\$ 498,338	\$ 480,027	\$ 442,538
VDH	2	Family Planning	\$ 420,823	\$ 1,574,550	\$ 1,556,025	\$ 1,390,410	\$ 1,193,215
VDH	3	WIC Coverage	\$ -	\$ 77,743	\$ 317,775	\$ 1,824,848	\$ 1,201,498
VDH	2	Substance Abuse Treatment	\$ 2,928,773	\$ 2,435,796	\$ 2,363,671	\$ 2,913,591	\$ 2,169,074
VDH	2	Health Laboratory	\$ 1,293,671	\$ 2,885,451	\$ 2,494,516	\$ 3,405,659	\$ 3,294,240
VDH	3	Fluoride Treatment	\$ 43,483	\$ 75,081	\$ 59,362	\$ 55,209	\$ 75,916
VDH	3	Health Research and Statistics	\$ 439,742	\$ 497,700	\$ 576,920	\$ 715,513	\$ 1,195,231
VDH	3	Epidemiology	\$ 329,380	\$ 766,053	\$ 623,363	\$ 872,449	\$ 750,539
VDH	3	Statewide Tobacco Cessation	\$ 450,804	\$ 487,214	\$ 1,073,244	\$ 1,148,535	\$ 257,507
VDH	4	Community Clinics	\$ 600,000	\$ 640,000	\$ 688,000	\$ -	
VDH	4	Patient Safety - Adverse Events	\$ 25,081	\$ 42,169	\$ 38,731	\$ 34,988	\$ 35,033
VDH	4	FQHC Lookalike	\$ 102,545	\$ 382,800	\$ 160,200	\$ 97,000	\$ 6,000
VDH	4	Poison Control	\$ 213,150	\$ 152,250	\$ 152,433	\$ 105,586	\$ 85,586
VDH	4	Coalition of Health Activity Movement Prevention Program (CHAMPPS)	\$ 318,806	\$ 345,930	\$ 326,184	\$ 395,229	\$ (26,262)
VDH	4	Healthy Homes and Lead Poisoning Prevention Program	\$ -	\$ 101,127	\$ 479,936	\$ 421,302	\$ 187,784
VDH	4	Challenges for Change: VDH	\$ 309,645	\$ 353,625	\$ 288,691	\$ 426,000	\$ 784,155
VDH	4	Area Health Education Centers (AHEC)	\$ 540,094	\$ 496,176	\$ 547,500	\$ 543,995	\$ 562,000
VDH	4	CHIP Vaccines	\$ 196,868	\$ 482,454	\$ 707,788	\$ 557,784	\$ 578,183
VDH	4	Tobacco Cessation: Community Coalitions	\$ 371,646	\$ 498,275	\$ 632,848	\$ 702,544	

Department	Criteria	Investment Description	SFY12 Actuals	SFY13 Actuals	SFY14 Actuals	SFY15 Actuals	SFY16 Actuals
VDH	4	Vermont Blueprint for Health	\$ 454,813	\$ 875,851	\$ 713,216	\$ 703,123	\$ 757,576
VDH	4	Physician/Dentist Loan Repayment Program	\$ 970,000	\$ 970,105	\$ 1,040,000	\$ 900,000	\$ 770,000
VDH	4	Recovery Centers	\$ 771,100	\$ 864,526	\$ 1,009,176	\$ 1,299,604	\$ 1,354,104
DMH	2	Special Payments for Treatment Plan Services	\$ 132,021	\$ 180,773	\$ 168,492	\$ 152,047	\$ 158,316
DMH	2	MH Outpatient Services for Adults	\$ 974,854	\$ 1,454,379	\$ 2,661,510	\$ 3,074,989	\$ 4,446,379
DMH	2	Mental Health Elder Care	\$ -	\$ -	\$ -		
DMH	4	Mental Health Consumer Support Programs	\$ 67,285	\$ 1,649,340	\$ 2,178,825	\$ 1,132,931	\$ 470,222
DMH	2	Mental Health CRT Community Support Services	\$ 1,886,140	\$ 6,047,450	\$ 11,331,235	\$ 282,071	\$ 5,866,297
DMH	2	Mental Health Children's Community Services	\$ 2,785,090	\$ 3,088,773	\$ 3,377,546	\$ 3,706,864	\$ 4,379,820
DMH	2	Emergency Mental Health for Children and Adults	\$ 4,395,885	\$ 8,719,824	\$ 6,662,850	\$ 4,148,197	\$ 2,528,751
DMH	2	Respite Services for Youth with SED and their Families	\$ 541,707	\$ 823,819	\$ 749,943	\$ 931,962	\$ 1,286,154
DMH	2	CRT Staff Secure Transportation	\$ -	\$ -	\$ -		
DMH	2	Recovery Housing	\$ 562,921	\$ 874,194	\$ 985,098	\$ 463,708	\$ 914,858
DMH	2	Transportation - Children in Involuntary Care	\$ -	\$ -	\$ -		
DMH	2	Vermont State Hospital Records	\$ -	\$ -	\$ -		
DMH	4	Challenges for Change: DMH	\$ 945,051	\$ 819,069	\$ -		
DMH	2	Seriously Functionally Impaired: DMH	\$ 160,560	\$ 1,151,615	\$ 721,727	\$ 392,593	\$ 246,049
DMH	2	Acute Psychiatric Inpatient Services	\$ 12,603,067	\$ 5,268,556	\$ 3,011,307	\$ 2,423,577	\$ 3,145,476
DMH	2	Institution for Mental Disease Services: DMH	\$ -	\$ 10,443,654	\$ 7,194,964	\$ 25,371,245	\$ 22,335,938
DVHA	4	Vermont Information Technology Leaders/HIT/HIE/HCR	\$ 1,425,017	\$ 1,517,044	\$ 1,549,214	\$ 2,915,149	\$ 1,887,543
DVHA	4	Vermont Blueprint for Health	\$ 1,841,690	\$ 2,002,798	\$ 2,490,206	\$ 1,987,056	\$ 2,594,329
DVHA	1	Buy-In	\$ 24,000	\$ 17,878	\$ 17,728	\$ 27,169	\$ 29,447
DVHA	1	Vscript Expanded	\$ -	\$ -	\$ -	\$ -	
DVHA	1	HIV Drug Coverage	\$ 37,452	\$ 39,881	\$ 26,540	\$ 10,072	\$ 8,484
DVHA	1	Civil Union	\$ 1,215,109	\$ 1,112,119	\$ 760,819	\$ (50,085)	\$ (585)
DVHA	1	Vpharm	\$ -	\$ -	\$ -	\$ -	
DVHA	4	Hospital Safety Net Services	\$ -	\$ -	\$ -	\$ -	
DVHA	2	Patient Safety Net Services	\$ 73,487	\$ 2,394	\$ 363,489	\$ 335,420	\$ 573,050
DVHA	2	Institution for Mental Disease Services: DVHA	\$ -	\$ 6,214,805	\$ 6,948,129	\$ 7,792,709	\$ 7,839,519
DVHA	2	Family Supports	\$ -	\$ 4,015,491	\$ 3,723,521	\$ 2,982,388	\$ 273,177
DCF	2	Family Infant Toddler Program	\$ -	\$ -	\$ -		
DCF	2	Medical Services	\$ 47,720	\$ 37,164	\$ 33,514	\$ 32,299	\$ 55,400
DCF	2	Residential Care for Youth/Substitute Care	\$ 9,629,269	\$ 10,131,790	\$ 11,137,225	\$ 10,405,184	\$ 10,238,115
DCF	2	AABD Admin	\$ -	\$ -	\$ -		\$ 135,517
DCF	2	AABD	\$ -	\$ -	\$ -		
DCF	2	Aid to the Aged, Blind and Disabled CCL Level III	\$ 2,563,226	\$ 2,621,786	\$ 2,611,499	\$ 2,864,727	\$ 2,753,853
DCF	2	Aid to the Aged, Blind and Disabled Res Care Level III	\$ 137,833	\$ 124,731	\$ 89,159	\$ 77,196	\$ 80,830
DCF	2	Aid to the Aged, Blind and Disabled Res Care Level IV	\$ 273,662	\$ 269,121	\$ 183,025	\$ 160,963	\$ 190,066

Department	Criteria	Investment Description	SFY12 Actuals	SFY13 Actuals	SFY14 Actuals	SFY15 Actuals	SFY16 Actuals
DCF	2	Essential Person Program	\$ 775,278	\$ 783,860	\$ 801,658	\$ 707,316	\$ 667,102
DCF	2	GA Medical Expenses	\$ 352,451	\$ 275,187	\$ 253,939	\$ 211,973	\$ 181,835
DCF	2	CUPS/Early Childhood Mental Health	\$ 165,016	\$ 45,491	\$ -		
DCF	2	VCRHYP/Vermont Coalition for Runaway and Homeless Youth Program	\$ -	\$ -	\$ -		
DCF	2	HBKF/Healthy Babies, Kids & Families	\$ -	\$ -	\$ -		
DCF	1	Catamount Administrative Services	\$ -	\$ -	\$ -		
DCF	2	Children's Integrated Services Early Intervention			\$ 200,484		\$ 371,836
DCF	2	Therapeutic Child Care	\$ 596,406	\$ 557,599	\$ 543,196	\$ 605,419	\$ 712,884
DCF	2	Lund Home	\$ 354,528	\$ 181,243	\$ 237,387	\$ 405,034	\$ 261,081
DCF	2	GA Community Action	\$ 338,275	\$ 420,359	\$ 25,181		
DCF	3	Prevent Child Abuse Vermont: Shaken Baby	\$ 74,250	\$ 86,969	\$ 111,094	\$ 54,125	\$ 54,125
DCF	3	Prevent Child Abuse Vermont: Nurturing Parent	\$ 107,184	\$ 186,916	\$ 54,231	\$ 195,124	\$ 126,365
DCF	4	Challenges for Change: DCF	\$ 196,378	\$ 197,426	\$ 207,286	\$ 189,378	\$ 202,488
DCF	2	Strengthening Families	\$ 465,343	\$ 429,154	\$ 399,841	\$ 370,003	\$ 426,417
DCF	2	Lamoille Valley Community Justice Project	\$ 162,000	\$ 216,000	\$ 402,685	\$ 83,315	\$ 216,000
DCF	3	Building Bright Futures	\$ -	\$ 398,201	\$ 594,070	\$ 514,225	\$ 531,283
DDAIL	2	Elder Coping with MMA	\$ -	\$ -	\$ -		
DDAIL	2	Mobility Training/Other Svcs.-Elderly Visually Impaired	\$ 245,000	\$ 245,000	\$ 245,000	\$ 245,000	\$ 270,171
DDAIL	2	DS Special Payments for Medical Services	\$ 1,498,083	\$ 1,299,613	\$ 1,277,148	\$ 385,896	\$ 1,904,880
DDAIL	2	Flexible Family/Respite Funding	\$ 1,103,749	\$ 1,088,889	\$ 2,868,218	\$ 1,400,997	\$ 1,919,377
DDAIL	4	Quality Review of Home Health Agencies	\$ 128,399	\$ 84,139	\$ 51,697	\$ 44,682	\$ 35,203
DDAIL	4	Support and Services at Home (SASH)	\$ 773,192	\$ 773,192	\$ 1,013,671	\$ 1,026,155	\$ 1,013,283
DDAIL	4	HomeSharing	\$ -	\$ 310,000	\$ 317,312	\$ 327,163	\$ 339,966
DDAIL	4	Self-Neglect Initiative	\$ -	\$ 150,000	\$ 200,000	\$ 265,000	\$ 276,830
DDAIL	2	Seriously Functionally Impaired: DAIL	\$ -	\$ 1,270,247	\$ 859,371	\$ 333,331	\$ 120,997
DOC	2	Intensive Substance Abuse Program (ISAP)	\$ 458,485	\$ 400,910	\$ 547,550	\$ 58,280	
DOC	2	Intensive Sexual Abuse Program	\$ 60,585	\$ 69,311	\$ 19,322	\$ 15,532	\$ 6,375
DOC	2	Intensive Domestic Violence Program	\$ 164,218	\$ 86,814	\$ 64,970	\$ 169,043	\$ 88,152
DOC	2	Women's Health Program (Tapestry)	\$ -	\$ -	\$ -	\$ -	
DOC	2	Community Rehabilitative Care	\$ 2,242,871	\$ 2,500,085	\$ 2,388,327	\$ 2,539,161	\$ 2,639,580
DOC	2	Return House	\$ -	\$ 399,999	\$ 399,999	\$ 343,592	\$ 342,084
DOC	2	Northern Lights	\$ -	\$ 393,750	\$ 335,587	\$ 354,909	\$ 768,289
DOC	4	Challenges for Change: DOC	\$ 687,166	\$ 524,594	\$ 433,910	\$ 539,727	
DOC	4	Northeast Kingdom Community Action	\$ -	\$ 548,825	\$ 287,662	\$ 267,025	\$ 220,436
DOC	2	Pathways to Housing	\$ -	\$ 802,488	\$ 830,936	\$ 830,336	\$ 1,018,229
			\$ 89,836,470	\$ 123,669,882	\$ 127,103,459	\$ 128,924,888	\$ 126,882,102

Last Updated:

9/15/16

State of Vermont
Department of Vermont Health Access
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Waterbury, VT 05671-1010
<http://dvha.vermont.gov>

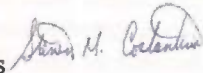
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Agency of Human Services

MEMORANDUM

To: Joint Fiscal Office; Office of Legislative Council; House Committee on Health Care; Senate Committees on Health and Welfare and on Finance; Health Reform Oversight Committee; Joint Fiscal Committee

From: Steven M. Costantino, Commissioner, Department of Vermont Health Access



Date: October 7, 2016

Re: Vermont Health Connect Updates – October 2016

I am pleased to share updates on Vermont Health Connect, preparation for open enrollment that starts on November 1st, and updates on the following topics:

- 1) Open Enrollment,
- 2) Qualified Health Plans and Rates,
- 3) Plan Comparison Tool,
- 4) Medicaid Renewals,
- 5) Customer Support Center,
- 6) Change Requests and Integration,
- 7) Appeals,
- 8) Grace Periods, and
- 9) Self-Service.

1. 2017 Qualified Health Plan Renewals and Open Enrollment

Open Enrollment on Vermont Health Connect (VHC) is less than a month away. Open Enrollment is the annual period when new customers can enroll in a health plan and existing customers can decide whether to change plans. 2017 Open Enrollment starts November 1st and runs until January 31st.

VHC's testing teams have been working closely with their carrier and payment processing partners and, thanks to the fact that there were no major system deployments this summer or fall, are well ahead of where they were last year. We expect to meet the goal of renewing customers into their 2017 health plans by December 15th.

If the customer decides to change plans, they will be able to so through January 31st (with an effective date of February or March if they make their request after December 15th). If they are happy with their current plan, they do not have to do anything other than continue to pay their bill.

Existing qualified health plan (QHP) customers should expect to get their renewal notice during the third week of October. This notice will explain the steps they can take when Open Enrollment begins.

2. 2017 Qualified Health Plans and Rates

Last month we certified the 2017 versions of the same 22 plan designs that Blue Cross Blue Shield of Vermont (BCBSVT) and MVP Healthcare (MVP) offered in 2016. The Green Mountain Care Board reduced proposed rate increases of 8.2% from BCBSVT and 8.8% from MVP to 7.3% and 3.7% respectively. Thanks to the federal Advanced Premium Tax Credits (APTC) and Vermont Premium Assistance (VPA), the impact of the increases will be softened for the three-quarters of individual QHP customers who qualify for those benefits.

BCBSVT did propose a 23rd plan, an additional high-deductible health plan, that was not certified for 2017. We are not opposed to the plan design, and will certainly be open to evaluating it for 2018. However, there were multiple reasons for staying the course for 2017. While the introduction of a new plan would provide more choice, it is not clear that Vermonters would benefit from an increase in the total number of plan offerings. Some national studies have shown that too many plan choices actually undermine consumer decision making. Furthermore, the addition of this particular plan at this time would have changed subsidies in such a way that customers who stayed in their current plan would see a significant rate increase. This fact is particularly noteworthy when you consider that more than 96% of individuals kept their same plan from 2015 to 2016.

We do agree that Vermonters could benefit from actively evaluating plan options to see if they might be able to save money compared to their previous year's plan choice. Ensuring that customers are actively considering all available options, then determining the value of adding even more options, is an endeavor that will take more than a few weeks. We aim to avoid this type of timing problem in the future by instituting a new rule that will require issuers to notify DVHA when they are offering new plans. This schedule will allow DVHA adequate time to consult with the issuers, share information about consumer demand in both the individual and small business sectors, conduct a thorough analysis of pros and cons, make an informed decision, and implement a coordinated outreach plan that will deliver the greatest benefit to the greatest number of Vermonters.

3. 2017 Plan Comparison Tool

One way we plan to promote health insurance literacy and active plan selection is through VHC's online Plan Comparison Tool. The tool helps customers estimate total costs of coverage based on family members' age, health, and income. We will be working with our insurance issuers and other partners to promote the tool and help customers save money by choosing the health plans that best meet their budget and medical needs.

The 2017 Plan Comparison Tool will be available later this month. If you'd like to explore the 2016 version of the tool, you can visit <https://vt.checkbookhealth.org>.

4. Medicaid Renewals

DVHA's Health Access Eligibility and Enrollment Unit (HAEEU) has stayed on schedule in its work to notify Medicaid customers about the need to renew coverage. HAEEU began contacting Medicaid for the Aged, Blind, and Disabled (MABD) customers at a rate of approximately 1,000 households per month in October 2015 and is now on the normal annual cycle. A larger population went through the renewal process for Medicaid for Children and Adults (MCA), also called "MAGI Medicaid" because eligibility is determined using federally defined Modified Adjusted Gross Income (MAGI).

MCA renewals notices were mailed at a rate of 9,000 households per month starting in the winter with customers who needed to be moved from the State's old ACCESS system into the VHC system. The

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renewal process then continued with customers who had already enrolled through VHC. The vast majority of outreach work is now complete. Only about 3,000 households are being noticed in early October. Approximately 3,100 “mixed households” (i.e. those households with members in both QHP and MAGI Medicaid) will then be renewed during QHP Open Enrollment. At that point, all enrollees will have been engaged in the renewal process and the annual cycle will begin again.

Responses to the initial notice and reminder notice remain slow for each renewal group, but tend to pick up after the closure notice and in the weeks after closure. Fewer than half of MAGI Medicaid enrollees respond before receiving a closure notice, but close to three-quarters of the first two renewal groups (those that closed in April and May) have responded as of early October.

Frequently, enrollees wait until they need medical services before they re-enroll, which is problematic for two reasons. First, if they wait more than two months, they could be liable for the federal fee for not having health coverage. Second, before new coverage can be activated, federal rules require verification of the applicant’s income – a process that is often quick but in some cases requires physical documentation. For these reasons, VHC continues to remind and encourage Vermonters to apply for coverage as soon as possible **and not to wait until they need medical services.**

5. Customer Support Center

Our Customer Support Center is back on track. After a challenging summer, customers can again have confidence that the vast majority of calls will be answered promptly.

August’s call volumes were the highest of any month in over two years, including the last two open enrollment periods. High volumes were primarily driven by Medicaid renewals and were heavier than prior months as more renewing customers called in the months following their closure. Our Customer Support Center contractor Maximus had difficulty staffing at the level needed to handle this volume and the resulting wait times fell well short of their contracted service level agreements (SLA). These waits were an inconvenience for Vermonters and were unacceptable to DVHA. Following a series of meetings this summer, Maximus committed to reaching appropriate staffing levels and once again meeting their SLAs. DVHA has closely monitored their progress toward this commitment. In August they added 30 call service representatives in Chicago to serve as backup to their 80 representatives in Burlington. They continued to hire and train additional staff throughout September and also committed to stepping up their Vermont recruiting to ensure that their Vermont team can provide expected service levels.

Overall, Maximus staffing will exceed 200 representatives for open enrollment, higher than at any time in VHC’s history, including a contingency of 50% over projected need to ensure that the company follows through on its commitment to Vermonters.

We are pleased to report that, starting September 23rd, Maximus has regularly had periods of time where idle representatives sat waiting for incoming calls so that they could pick up the phone on the first ring – a situation that had been very rare since the beginning of summer. Overall, Maximus answered two-thirds of calls within 24 seconds last week (week of 9/26) and is on pace to answer about three-quarters of calls with 24 seconds this week (week of 10/3).

Another positive to report is that the improved system has allowed Tier 1 customer service representatives at Maximus to resolve a higher percentage of calls on the phone without transferring to Tier 2 eligibility staff, providing faster service. Once Maximus returns to consistently hitting their prescribed SLAs, as they did reliably for most of 2015, we expect their use of the improved system to result in a better customer service experience for callers.

6. Change Requests and Integration

VHC continues to receive approximately 1,000 change requests per week across its QHP and Medicaid customer base. Fewer than 1,100 households are currently awaiting changes, and fewer than 100 of those involve households with an active QHP (i.e. changes that should be processed ahead of Open Enrollment to allow for a smooth automated renewal).

The goal is to complete changes requested between the 16th of a month and the 15th of the next month in time to be reflected on the following invoice. Nearly nine out of ten changes requested between 7/16 and 8/15 had been processed as of the week of 8/30, ahead of the early September invoice. **This is VHC's best performance in relation to this service level target yet, and continues to improve each month.**

The integration of transactions between VHC's system, insurance carriers' systems, and the payment processor's system has improved substantially since the completion of system development work in March and the subsequent Maintenance & Operations work with Optum. VHC's inventory of known errors is down 75% since March 1. Just as significantly, the number of "in flight" transactions – transactions that have been sent to a partner's system but are still awaiting a confirmation of whether it was successful or an error – has been cut by 84% since early May.

Now that major defects have been fixed, remaining problems are most often related to data discrepancies between systems. VHC's reconciliation team has new tools to track and fix these mismatches and is working through the inventory with our partners-

7. Appeals

In a typical month, DVHA receives more than 100 appeals filed by QHP and Medicaid members who are dissatisfied with a healthcare eligibility decision or termination. This creates a heavy workload for staff at DVHA and the Human Services Board (HSB). In June, DVHA implemented an internal review process to review appeals prior to sending to the Human Services Board (HSB). At that time, DVHA advised HSB that they were hoping the process would increase the quality of its decisions and reduce the number of appeals by 30%.

After three months, we are happy to report that the new process has actually resulted in an average 55% reduction of appeals (over 3 months). The review team will continue to follow the process, and refine as appropriate, in order to increase the quality and efficiency of eligibility decisions.

8. Educating Customers on Grace Periods

Under the rules of Vermont's Health Insurance Marketplace, insurance issuers are responsible for sending late notices (also called "dunning notices") and terminations. The federal rules guiding grace periods and the resulting terminations depend on whether or not the customer receives subsidies and can be confusing. For this reason, Vermont Health Connect staff collaborated with Vermont Legal Aid and representatives from all three insurance issuers to develop an informational sheet that the issuers include with their dunning notices. You can find a copy of the info sheet at:

http://info.healthconnect.vermont.gov/sites/hcexchange/files/VHC%20Grace%20Period%20Graphic_Combos.pdf

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On a related note, you might hear from some constituents who paid their bill on time and still received a late notice from MVP Healthcare. MVP reported that its' vendor erroneously mailed several hundred late notices last month to customers who had paid on time. They identified the accounts that were contacted in error and mailed a correction letter in late September. If a customer did not receive a correction letter, they should assume they were not involved. MVP is working with its vendor to ensure that this mistake is not repeated.

9. Self-Service Changes

If customers want to avoid the phones, they have the option of logging into their account and reporting most change requests online. Medicaid enrollees also have the option of renewing online, as long as their closure date hasn't already passed (if their coverage has been closed, then they would need to call). Customers can log in by clicking on the orange "Sign In" button in the upper-right-hand corner of VermontHealthConnect.gov.

This functionality was rolled out in August and has worked well. Customers who have never logged in will need to set up an online account, and those who haven't logged in for several months will need to request a password reset for security reasons.

VHC is contacting customers who do not have online accounts, as well as those with expiring passwords, to let them know that this option exists.



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Agency of Human Services

Primary Care Reimbursement Report

Report to:
Health Reform Oversight Committee
and
Joint Fiscal Committee
Pursuant to Act 172, Sec. E.306.13

Hal Cohen, Secretary
Vermont Agency of Human Services

Steven M. Costantino, Commissioner
Department of Vermont Health Access

November 1, 2016



1 Introduction of Enhanced Primary Care Payments (EPCP)

As a result of a provision of the Patient Protection and Affordable Care Act (ACA), the Centers for Medicare and Medicaid (CMS) required all states to temporarily increase Medicaid payments to eligible Primary Care Physicians for Evaluation and Management (E&M) and Vaccine Administration services. To qualify for the increased payments a physician had to have a specialty designation of family medicine, general internal medicine, pediatric medicine or a subspecialty within one of those specialties.

Pursuant to 42 CFR parts 438, 441 and 447, all states were required to increase reimbursements for E&M and Vaccine administration services effective with dates of service beginning on January 1, 2013 to be at least 100% of the Medicare level in effect for calendar years 2013 and 2014, or, if greater, the 2009 Medicare reimbursement rates.

The increases applied to both fee-for-service and managed care Medicaid plans, and were fully funded by the federal government through the ACA for services rendered by eligible providers from January 1, 2013 through December 31, 2014. As of January 1, 2015, federal funding through the ACA ceased. States had the option to continue the increased payments, but the increase would have to be borne by each state. Many states, including Vermont, chose to let the enhanced payments expire as of December 31, 2014.

2 Re - Introduction of Enhanced Primary Care Payments in Vermont

During the 2015 Vermont Legislative Session, the Legislature enacted state law to partially restore the increased payments to eligible physicians participating in the Vermont Medicaid program that had expired on December 31, 2014. Pursuant to Act 54, Section 57, the Vermont Legislature appropriated approximately \$1 million of Global Commitment funds to the Department of Vermont Health Access (DVHA) for this initiative. Effective with services rendered on or after July 1, 2015, DVHA re-introduced increased reimbursements rates to primary care physicians who had qualified for the previous CMS EPCP program for the same array of services that had been covered in the prior EPCP.

3 2016 Primary Care Reallocation

2016 EPCP increases

During the 2016 Legislative Session, Act 172, Section E.306.13(a) required DVHA to use up to \$4 million of funds appropriated to the Department for State Fiscal Year (SFY) 2017 to increase EPCP payments effective October 1, 2016. The intent was to further restore the enhanced payments to eligible primary care providers to a level closer to what had been in effect prior to the expiration of the federal EPCP program funded through the ACA.

DVHA increased baseline reimbursement rates by \$4 million for E&M and Vaccine Administration services provided by eligible primary care physicians. This appropriation of additional funds resulted in an increase of approximately 8.9% and became effective October 1, 2016 as shown below.

Enhanced Primary Care Baseline Payments for CY2015 used in Modeling for 10/1/2016 increase	2016 amount appropriated by Act 172, Sec E.306.13(a)	Total SFY 2017 Spend with Increase Included	Percent Increase to Baseline Rates.
\$44.9M	\$4.0M	\$48.9M	8.9%

A public notice was posted in the Vermont Global Commitment Register and in the Burlington Free Press Newspaper on August 31, 2016. The public comment period was open for 30 days. The increase to primary care reimbursements for enhanced payments must be submitted to CMS as an amendment to the Medicaid State Plan (known as a SPA). The SPA must be submitted to CMS by December 31, 2016; approval and match of federal funds will be retrospective back to October 1, 2016.

4 Reduction to Academic Medical Center Rates

In order to be able to manage within its appropriated budget for SFY 2017, DVHA was also authorized in Act 172, Section E.306.13(b) to offset the October 1, 2016 increase to EPCP reimbursement rates by adjusting downwards the reimbursement rates paid to Academic Medical Centers for inpatient, outpatient or professional services. This rate adjustment was effective on October 1, 2016.

Methodology

DVHA modeled various alternatives and approaches to reduce reimbursements to academic medical centers. As a result of this work, DVHA determined that the most appropriate and equitable approach was to reduce inpatient hospital rates, effective October 1, 2016. Having decided this, DVHA then developed an approach for allocating the reduction of \$4 million to the impacted academic medical centers. This was accomplished by comparing and analyzing current inpatient payment amounts to the University of Vermont Medical Center (UVMHC), Dartmouth Hitchcock Medical Center (DHMC) and other Out of State (OOS) Academic Medical Centers, and apportioning the total reductions to each as shown in the table below.

	Current Inpatient Payments	Percentage of Total	Allocation of Reductions
UVMHC	\$47.9M	71.3%	\$2.9M
DHMC	\$16.9M	25.2%	\$1.0M
Out of State Academic Medical Centers.	\$2.3M	3.5%	\$.1M
Totals	\$67.1M	\$2.0M	\$4.0M

With the targeted reduction amounts known, DVHA then addressed the method within the inpatient rate methodology to reduce the \$4 million in payments. Two elements of the methodology were chosen:

- (a) First, a provision in the inpatient reimbursement methodology that made an additional per diem payment above the case rate for neonatal cases was eliminated. Most of these payments had been made to UVMHC and DHMC. Other OOS academic medical centers were not eligible for the payment. The elimination of these payments resulted in a reduction of payments to academic medical centers of approximately \$2 million.
- (b) The remaining \$2 million reduction was made by reducing the per case payment amount to the academic medical centers. This was accomplished by reducing what is known as the hospital's base rate.

The table below illustrates the total reductions to reimbursement rates to UVMMC, DHMC and OOS academic medical centers effective on October 1, 2016.

	Elimination of Neonate add-on payments	Reduction to inpatient base rates	Total Reduction
UVMMC	\$1.7M	\$1.2M	\$2.9M
DHMC	\$.3M	\$.7M	\$1.0M
Out of State Academic Medical Centers.	\$0	\$.1M	\$.1M
Totals	\$2.0M	\$2.0M	\$4.0M

A public notice was posted in the Vermont Global Commitment Register and in the Burlington Free Press Newspaper on September 8, 2016. The changes to inpatient hospital rates which include the elimination of neonate add-on payments and reductions to base rates for academic medical centers to offset the increase to EPCP rates will be submitted to CMS as SPA. Consistent with the changes to the EPCP payments, the SPA must be submitted to CMS by December 31, 2016; approval and match of federal funds will be retrospective back to October 1, 2016.

5 SUMMARY

As described above in detail and pursuant to Act 172, Section E.306.13, DVHA implemented provider reimbursement changes effective October 1, 2016 that have the effect of reallocating approximately \$4 million previously paid to academic medical centers for Medicaid covered services and increased payments for specific primary care services by the same amount. The net result to DVHA SFY 17 budget is \$0.

**Report to
The Vermont Legislature**

**Sustainability of Tobacco Programs
2016 Report to the Legislature**

In Accordance with Act 172 (2016) Section E.300.4
An act relating to making appropriations for the support of government

Submitted to: Joint Fiscal Committee

Submitted by: Hal Cohen, Secretary of the Agency of Human Services

Prepared by: Barbara Cimaglio
Deputy Commissioner, Vermont Department of Health

Report Date: November 14, 2016



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**Sustainability of Tobacco Programs
2016 Report to the Legislature
November, 2016**

Introduction

The Vermont State Legislature recognized the urgent need to sustain Vermont's comprehensive Tobacco Control Program in the always-challenging fiscal climate. This urgency is created by the following factors:

- In April 2017, Vermont will receive the last of the ten-year Strategic Contribution Fund payments of approximately \$10-12 million annually, reducing the annual Master Settlement Agreement payments from approximately \$34 million to \$23 million.
- The high rate of smoking among those enrolled in Medicaid accounts for 41% of all smoking-related health care costs in VT.¹
- Vermonters at or below the federal poverty level smoke at a higher rate (29%) than those above the poverty level.
- Funding for Vermont's Tobacco Control Program has relied on annual appropriations from the Master Settlement Agreement (MSA). In fiscal year 2017, this appropriation was approximately 10% of the MSA compared to the nearly 82% directed to Medicaid. In addition, 0% of the annual tobacco product tax revenue (projected to raise \$77 million in fiscal year 2017) is appropriated to the comprehensive Tobacco Control Program.

Legislative Charge

Section E. 300.4.a. of Act 172 (2016), An act relating to making appropriations for the support of government:

"a. The Secretary of Administration or designee, the Secretary of Human Services or designee, the Tobacco Evaluation and Review Board, and participating stakeholders in the implementation of the tobacco control program shall develop an action plan for tobacco program funding at a level necessary to maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception. In addition, the plan shall consider utilizing a percentage of tobacco revenues and the inclusion of monies that have been withheld by tobacco manufacturers but which may be received by the State of Vermont in future years.

b. The Secretary of Human Services shall present this plan to the Joint Fiscal Committee at its November 2016 meeting."

Burden of Tobacco-Related Disease

Each year, more Vermonters die from chronic diseases than all other causes combined. Three behaviors – tobacco use, physical inactivity and poor diet – are the major drivers of four chronic

¹RTI International's "Independent Evaluation of the VT Tobacco Control Program: 2015 Annual Report – a Historical Look at Progress Achieved, Successes, and Lessons Learned and RTI Recommendations for Tobacco Control in Vermont for the Years 2015-2020," pg. 2-5 & 2-6)

diseases – cancer, cardiovascular disease, lung disease and diabetes – which result in more than 50% of deaths in Vermont. This is branded in the Health Department initiative: 3-4-50.

The Department of Health is launching this major initiative to educate stakeholders on the impact of chronic disease and engage leaders from multiple sectors to implement key strategies which will help to reduce chronic disease through prevention of physical inactivity, poor diet, and tobacco use.

Currently, there is very limited funding for physical activity and nutrition interventions and obesity prevention programs. Thus, obesity rates continue to trend upwards in both adults and youth.

In contrast, Vermont's tobacco control program historically has had fairly strong investment from both the Centers for Disease Control and Prevention (CDC) and through the Master Settlement Agreement (MSA) funds, although average spending over the past six years has been approximately \$1.2 million less per year than the previous 6-year average. This continued investment has led to reductions in tobacco use among adults and youth from a high of 24% for adults and 40% for youth 20 years ago to 17% (adults) and 11% (youth) today. The long history of tobacco control efforts has led to a strong evidence-base that guides the work of the Vermont Tobacco Control Program (VTCP). Continued investment will continue to yield results. However, we are facing more significant challenges with many of the major policy initiatives such as smoke-free indoor air already implemented, and emerging products such as electronic cigarettes attracting new users. This means that continued and enhanced funding and attention will be needed to maintain the progress that has been made and to continue to bend the curve on tobacco use.

Recommendation

Maintain current level of funding for the Vermont Tobacco Control Program (VTCP). The funding is used to implement the following critical strategies:

- Mass reach media aims to increase cessation, decrease initiation, and increase support for environmental change. At the currently funded level (\$1.02 million) the program runs three adult cessation media campaigns annually, youth prevention via digital media, and provider education initiatives.
- State and community interventions are focused on prevention to reduce youth access, prevent initiation, and change norms through reduced exposure. At the currently funded level (\$1.03 million), the program funds 16 coalitions and supports 19 supervisory unions to achieve the stated outcomes.
- Cessation interventions are focused on increased quit attempts and increased quit rates. At the currently funded level (\$.67 million), the VTCP provides all three arms of a quit program: quit online, quit line, quit in person (via Blueprint). Additionally, the program provides 8 weeks of free nicotine replacement therapy for enrolled participants.
- Surveillance and evaluation provide accountability and demonstrate effectiveness. This is a critical infrastructure component of the program that ensures funds are utilized in the most effective way and for the best results. Current expenditure is \$393,907.

- Infrastructure ensures the program is sufficiently supported to manage sub-recipient awards and grants, effectively run the programs and respond to CDC and VTERB requirements and requests. Current expenditure is \$267,282.

Sustaining Funding for the Comprehensive Tobacco Control Program: A Return on Investment

State Tobacco Control Programs have documented **return on investments (ROI)** of between **2:1** (cardiovascular hospital admissions among Medicaid population in Massachusetts over a 3-year period) and **50:1** (health care costs in California over a 10-year period). Other states have seen the impact of tobacco prevention funding cuts. Oregon charted decreases in tobacco use rates over time which stalled when the program was cut by 60%. When funding was restored, rates began to decline again. Massachusetts saw an increase in adult smoking rates, youth rates stalled and sales to youth increased when funding was cut by 95%.

Vermont has appropriated nearly \$73 million to the Tobacco Control Program between 2001 & 2014 and there has been an estimated savings of \$1.43 billion in overall smoking-related healthcare costs, including \$586 million in Medicaid costs. Additional decreases in tobacco use will result in additional health care savings.²

What Works

The Community Guide (a publication of the Community Preventive Services Task Force) has identified several well-evidenced strategies that lower tobacco use and burden. Over the past 16 years since using MSA funds to establish a comprehensive program, the VTCP has employed these strategies to good effect. The combination of tobacco tax increases and second hand smoke interventions along with mass media and cessation services has resulted in a slow but steady decline in tobacco use rates.

Comprehensive tobacco control programs are coordinated efforts to implement population-level interventions to reduce appeal and acceptability of tobacco use, increase tobacco use cessation, reduce secondhand smoke exposure, and prevent initiation of tobacco use among young people. Programs combine and integrate evidence-based educational, clinical, regulatory, economic, and social strategies at local, state, or national levels (Cost-Benefit Ratio: median 12:1).

The components of a comprehensive tobacco control program include:

- Raising the excise taxes for tobacco products has been shown to be singularly effective at reducing initiation of tobacco use among youth and promoting cessation of use among adults. Since 2002, the cigarette tax has increased a total of \$1.89 through five increases (from \$1.19 in 2002 to \$3.08 in 2015). The youth smoking rate is particularly susceptible to price increases, which is seen in the dips in youth rates that followed each tax increase. The Task Force reports that a 20% increase in tobacco unit price would be associated

with 3.6% reduction in adults who smoke and a 7.2% reduction in the proportion among young people.

- Implementing mass-media campaigns that are long-term and high intensity is another recommended strategy. Mass-reach health communication interventions were associated with decreased tobacco use prevalence, increased cessation and use of available cessation services, and decreased initiation of tobacco use among young people (Community Guide Cost-Benefit Ratio: range 7:1 to 74:1).
- Cessation services, including phone-based and in-person support and elimination of copays for effective cessation therapies, are also evidence-based. Quitlines use the telephone to provide evidence-based behavioral counseling and support to help tobacco users who want to quit. Counseling is provided by trained cessation specialists who follow standardized protocols that may include several sessions delivered over one or more months (Cost-Benefit Ratio estimate 2:1 to 5:1, Simpson & Nonnemaker, 2013).
- Protective Policies, such as smoke-free policies, reduce exposure to second-hand smoke, reduce prevalence of use and reduce initiation of tobacco use among young people. State and local ordinances establish smoke-free standards that can impact indoor workplaces, indoor spaces, and outdoor public places. Private-sector smoke-free policies may ban all tobacco use on private property or restrict smoking to designated outdoor locations.

Conclusion

The maintenance of the Vermont Tobacco Control Program is critical to continue the progress made since funding of the comprehensive program began in 2000 to reduce the morbidity, mortality and health care costs associated with the leading preventable cause of death.

Potential Enhancements should Additional Funding Become Available

The Centers for Disease Control and Prevention provides recommended minimum amounts for the components of a comprehensive program. Below are the recommended amounts, what the VTCP would implement with additional funds, and what the anticipated result would be:

- **Media/Counter Marketing:** At the minimum recommended amount (\$1.1 million), the program would run an additional 6-8 adult cessation campaigns. The anticipated result of achieving the minimum recommended funding would be lower prevalence from 17% to 15% (Community Guide estimates range of -5.2 to -1.9 percentage points).
- **State and Community Prevention:** At the minimum recommended amount (\$2.5 million), the program would provide statewide coverage with more coalitions and Regional Prevention Partners funded at higher amounts. Additionally, more youth groups would be supported for peer education and prevention. The anticipated result would be to reduce youth all-tobacco use from 25% to 20% based on the Community Guide median decrease of 5.8 percentage points.
- **Cessation:** At the minimum recommended amount (\$1.7 million), the program would expand the coverage of quit partners to reduce drive times and increase provider engagement for disproportionately impacted populations (Medicaid, low income, lesbian,

gay, bisexual, transgender, and individuals with disabilities). Additional resources and training would be available for medical providers and special interventions would be deployed for Vermonters of low socioeconomic status, with mental health diagnoses, with disabilities and cognitive impairment, and the lesbian, gay, bisexual, and transgender community – all of whom have higher rates of use. The anticipated result of CDC minimum funding would be a median increase of 3.1 percent in tobacco cessation.

- **Surveillance and evaluation:** CDC recommends a minimum of .5 million for Vermont. This would allow for increased evaluation of programs to ensure maximum efficacy.
- **Infrastructure:** CDC recommends a minimum of 0.3 million for Vermont.

Appendix A – Comparison Table

Best Practice Tobacco Control and Prevention Components	Objective	Vermont Program Current Funding Level \$3,626,269	CDC Minimum Recommended Level \$6,100,000	Outcomes from CDC Recommended Funding Level
Mass Reach Media/Counter marketing	Raise awareness of tobacco's harm	<i>\$1.02 million current</i> Adult Cessation Campaigns	<i>\$1.1 million recommended</i> Run 6-8 additional Adult Cessation Campaigns	Run adult cessation mass reach media more frequently throughout the year driving cessation activity and reducing use = lower prevalence from 17% to 15% (keeping the HV2020 goal of 12%).
	Drive tobacco users to quit resources	CDC Quit Tips from Former Smokers	Create more Quit Partner ads to show real Vermonters providing and benefiting from 802Quits	
	Strengthen perception of harm	802Quits for all Vermonters to help quit thru phone, online and in-person supports		
	Create strong tobacco-free social norms	Provider Education		
Prevention State and Community Interventions	Prevent tobacco initiation among youth	<i>\$1.03 million current</i> 16 Community Coalitions	<i>\$2.5 million recommended</i> Fund more community-based coalitions/orgs & Regional Prevention Partners to work on tobacco prevention & local protective actions e.g. safe buffers around schools	Fund more coalitions, youth groups OVX and VKAT with Agency of Education, and assist more youth with quitting. Fewer youth smoking and trying tobacco products = lower youth initiation and use.
	Reduce youth access	19 Supervisory Unions supported for youth prevention		
	Strengthen perception of harm	Local and State durable change efforts (smoke free parks, beaches, municipalities)		
	Create strong tobacco-free social norms			

	Provide cessation for youth			Result would be lower prevalence of any tobacco use in past 30 days. Current is 25%. Target by 2020 is 20%.
Cessation Services	<p>Increase quit attempts</p> <p>Maintain and make accessible a state quitline</p> <p>Work with health systems to provide training & tools for tobacco guideline based care</p> <p>Increase # of smoke and tobacco-free campuses that support cessation outcomes</p> <p>Reduce exposure to secondhand smoke among non-smokers especially children</p>	<p><i>\$0.67 million current</i></p> <p>802Quits including Quitline available 24/7 and free text</p> <p>Quit Online with free chat</p> <p>Quit Partners in collaboration with Blueprint for Health</p>	<p><i>\$1.7 million recommended</i></p> <p>Increase provider engagement and use of 802Quits</p> <p>This is key to increasing cessation and decreasing use among adults and youth</p> <p>Hold twice as many trainings to create certified treatment specialists who can bill for tobacco treatment and to support providers in treating tobacco use</p> <p>Expand coverage of Quit Partners to shorten drive time in any part of state to less than 30 min for group cessation classes</p>	<p>Assist more Vermonters who are harder to reach and assist (low-income, low education and poor mental health) and are tobacco users with tobacco treatment & supports. Result = median increase of 3.1 percent in tobacco cessation.</p> <p>Result would be lower prevalence among adults with depression to 20% by 2020 (from 27%).</p>
Surveillance	Monitor use and trends in data, share data with public, support a data-informed tobacco program	<i>\$0.36 million current</i>	<i>\$0.5 million recommended</i>	Resources are needed for data analysis and economic cost benefit assessment would place VT along with MA as a leader in treating Medicaid-insured for tobacco dependence.
Evaluation	Program and intervention quality improvement Program impact	Conduct, analyze and disseminate data including BRFSS, YRBS, Adult Tobacco Survey, Macro Polls, Claims	Enhance and maintain current surveillance and evaluation efforts	

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

**In re: Vermont All-Payer Accountable Care)
Organization Model Agreement)**

Introduction

The rising cost of health care imposes unsustainable financial burdens on Vermonters and their families, impedes equitable access to preventive care, and threatens to cripple our State's economy. Left unchecked and uncontrolled, it will prevent Vermont from reaching its goal to ensure that all of its citizens have access to affordable, high-quality health care. The problem is not unique to Vermont—Congress enacted the Patient Protection and Affordable Care Act of 2010 (ACA), for example, to address our national health care crisis.

The Vermont All-Payer Accountable Care Organization Model ("All-Payer Model" or "Model") is an agreement ("the Agreement") between the State and the Centers for Medicare and Medicaid Services (CMS) that allows Vermont to explore new ways of financing health care with Medicare's participation, through an Accountable Care Organization (ACO) delivery model. Principle 7 from the Health Care Payment Learning Action Network (LAN) states:

Centers of excellence, patient centered medical homes, and accountable care organizations are delivery models, not payment models. In many instances, these delivery models have an infrastructure to support care coordination and have succeeded in advancing quality. They enable Alternative Payment Models (APMs) and need the support of APMs, but none of them are synonymous with a specific APM.¹

The All-Payer Model is an Alternative Payment Model, facilitated by an ACO, that enables the three main payers of health care in Vermont—Medicaid, Medicare, and commercial insurance—to pay for health care differently than through fee-for-service reimbursement under a common structure, initially including hospital and physician services in Medicare and their commercial and Medicaid equivalents; previously in Vermont, the ACO delivery model has been paired only with a payment model that has a fee-for-service foundation. The Agreement envisions a statewide All-Payer Model that aligns and amplifies incentives across all payers to promote participation, by Model's end, by the majority of providers in the State.

At its public board meeting on October 26, 2016, this Board voted to enter into the Agreement with CMS, which we believe will transition our provider reimbursement model from one that incentivizes quantity to one that is value-based and rewards positive health outcomes. Below, we discuss the All-Payer Model's background, the Agreement's terms, and the reasoning for our support.

Development of the All-Payer Model

The fee-for-service reimbursement model, which compensates health care providers and facilities for each health care service and care component delivered, is the most prevalent form of provider compensation in our country today, yet is widely recognized as a significant driver of health care spending growth. By creating incentives for the health care system to perform a high volume of health care services, fee-for-service reimbursement does not compensate providers for important time spent coordinating care with other providers or community services, sending e-mails, making phone calls, or talking with patients and their families about

¹ Alternative Payment Model Framework and Progress Tracking (APM FPT) Work Group, Health Care Payment Learning & Action Network, *Alternative Payment Model (APM) Framework Final White Paper*, 11 (Jan. 12, 2016), available at <https://hcp-lan.org/workproducts/apm-whitepaper.pdf>.

factors that may be negatively impacting a patient's health status. The fee-for-service model rewards the quantity of work done, not its quality; it does not incentivize providers based on improved health care outcomes.²

Act 48

In 2011, the Vermont Legislature passed Act 48 in an effort to ensure that all Vermonters could access high-quality, affordable health care. Citing a paramount need for “reformation of the payment system for health services to encourage quality and efficiency,”³ Act 48 created the Green Mountain Care Board and specifically authorized the Board to develop and implement payment and delivery system reforms to control the rate of growth in health care costs and maintain or improve health care quality in Vermont. Defining payment reform as “modifying the method of payment from a fee-for-service basis to one or more alternative methods for compensating health care professionals...while measuring quality and efficiency,”⁴ Act 48 ascribes a series of duties and responsibilities to the Board, guided by fourteen principles for health care reform. Among its other duties, Act 48 expressly empowers the Board to:

[o]versee the development and implementation, and evaluate the effectiveness, of health care payment and delivery system reform designed to control the rate of growth in health care costs and maintain health care quality in Vermont.⁵

Act 48 specifically calls for the Board to develop, implement and evaluate payment reform pilot projects, and makes clear that health insurers, Medicaid, Medicare, and other payers should reimburse health care professionals with consistent payment methodologies that provide incentives to coordinate care and control cost growth.⁶

Federal Reform Activity

Federal legislation has helped pave the way for work at the state level. The ACA created the Center for Medicare and Medicaid Innovation (CMMI) to test innovative payment and service delivery models to reduce federal health care program expenditures and to improve the quality of care received by Medicare, Medicaid, and Children's Health Insurance (CHIP) beneficiaries.⁷ In 2013, CMMI awarded State Innovation Model (SIM) grants to six states, including Vermont, for alternative payment model testing, emphasizing multi-payer payment reforms that are consistent with the goals of Act 48.⁸ With support from the SIM grant, the Board exercised its authority under Act 48 and created an aligned, multi-payer Shared Savings Program (SSP) payment reform pilot for ACOs, modeled after Medicare's Track 1, one-sided risk SSP. In 2014 and 2015, more than 150,000 Vermonters were attributed to Commercial, Medicaid, or Medicare SSP-participating providers. During the first two years of the Medicaid SSP, the two participating ACOs saved the Medicaid program more

² See Mark McClellan, *Reforming Payments to Healthcare Providers: The Key to Slowing Healthcare Cost Growth While Improving Quality?*, 25 J. of Economic Perspectives No. 2, Spring 2011, at 69 – 92; Ezekiel J. Emanuel & Victor R. Fuchs, *The Perfect Storm of Overutilization*, 299 J. Am. Med. Assoc. 2715, 2789 – 91 (2008); Lorens A. Helmchen & Anthony T. Lo Sasso, *How Sensitive is Physician Performance to Alternative Compensation Schedules? Evidence from a Large Network of Primary Care Clinics*, 19 Health Economics 1259, 1300 – 17 (2010); Steven A. Schroeder & William Fris, *Phasing Out Fee-for-service Payment*, 368 N. Engl. J. Med. 1953, 2029 32 (2013).

³ 3 V.S.A. § 2222a(c)(9).

⁴ 18 V.S.A. § 9373(12).

⁵ 18 V.S.A. § 9375(b)(1).

⁶ 18 V.S.A. § 9377.

⁷ 42 U.S.C. § 1315a (CMMI is created “to test innovative payment and service delivery models to reduce program expenditures . . . while preserving or enhancing the quality of care.”).

⁸ In Vermont, the State Innovation Model work is now called the Vermont Health Care Innovation Project (VHCIP).

than \$15.7 million due to actual expenditures that were below the targets and both ACOs participating in the Medicaid SSP achieved improvements in their overall quality scores from 2014 to 2015. When aggregating financial results across the duration of the Commercial SSP, savings were not realized. However, two of the three ACOs participating in the Commercial SSP achieved improvements in their overall quality scores from 2014 to 2015, and the third ACO maintained a very high overall quality score in both years. In the Medicare SSP, savings were not realized when aggregating financial results across the duration of the program; all three Vermont ACOs that have participated in the program have achieved strong quality scores that exceed the national average. Vermont's all-payer SSP is still built on a fee-for-service foundation, however, providing for savings only if the ACOs spend less than a targeted amount.

CMS has since designed and begun implementation of new population-based payment programs that are not attached to fee-for-service reimbursement. In 2015, CMS announced the Next Generation ACO Program. Next Generation builds on the SSP model, but allows provider groups to assume higher levels of financial risk and reward than are currently available either in an SSP or Pioneer ACO program.⁹ The Next Generation ACO model provides for capitation, in which the ACO receives monthly per-beneficiary-per-month (PBPM) capitation payments and is responsible for paying claims for ACO providers, constituting a considerable move away from fee-for-service.

Moreover, working toward its goal to link 50% of Medicare payments to alternative payment models by 2018,¹⁰ Congress's bipartisan passage of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)¹¹ significantly shifts the Medicare payment system away from one that is volume-driven toward one that is value-based. Under MACRA, all Medicare providers (including physicians, physician assistants, nurse practitioners, clinical nurse specialists and certified registered nurse anesthetists) who deliver a designated threshold of care must participate in one of two payment tracks for Medicare Part B — either an Advanced Alternative Payment Model (APM) or the Merit-based Incentive Payment System (MIPS) — under the law's Quality Payment Program (QPP). Providers who choose to participate in Advanced APMs are exempt from MIPS reporting requirements and can earn 5% incentive payments; providers not in an Advanced APM are subject to MIPS and will receive performance-based payment adjustments that increase incrementally beginning with +/- 4% in 2019, and reach +/- 9% in 2022.

Vermont All-Payer Model Term Sheet Proposal

The Vermont Legislature has continued to build on the foundation of Act 48 in furtherance of the State's health care reform goals. In 2015, the Legislature enacted Act 54, which allowed the Board and Secretary of Administration to "jointly explore an all-payer model."¹² The Board Chair and staff members, working with the Agency of Administration (AOA), engaged in discussions and negotiations with CMMI to convey Vermont-specific requirements for a workable all-payer reimbursement model and to jointly craft an agreement acceptable to both Vermont and the federal government. As a result of this work, Vermont published and presented to CMMI the All-Payer Model Term Sheet Proposal ("Term Sheet Proposal") in January 2016,

⁹ CMMI has published a Fact Sheet comparing design elements of the Pioneer ACO Model and the Next Generation ACO Model. See Fact Sheet: Pioneer ACO Model and Next Generation ACO Model: Comparison Across Key Design Elements (updated April 28, 2015), available at <https://innovation.cms.gov/Files/fact-sheet/nextgenaco-comparefactsheet.pdf>.

¹⁰ See CMS Press Release, *Better Care. Smarter Spending. Healthier People: Paying Providers for Value, Not Volume* (Jan. 26, 2015), available at <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-01-26-3.html>.

¹¹ The bill was passed overwhelmingly in the U.S. House of Representatives on a 392-37 vote; the Senate voted 92-8 in favor of its passage. See <https://www.congress.gov/bills/114/congress/house-bill/2/all-info/all-actions>. MACRA was signed by the President and became law on April 16, 2015, and a final rule was released by CMS on October 14, 2016. <https://qpp.cms.gov/docs/CMS-5517-FC.pdf>.

¹² Act 54 of 2015, Sec. 1.

outlining the terms proposed by Vermont if the State were to enter into an All-Payer Model agreement with CMS.

The Legislature took testimony on numerous occasions and in multiple committees during the 2015 and 2016 legislative sessions on the provisions of the All-Payer Model Term Sheet proposal.¹³ Members of the Board and its staff, representatives from the AOA, Vermont's three ACOs, the Office of the Health Care Advocate (HCA), and community-based service providers appeared before committees to provide their input.¹⁴ Statewide media outlets covered and reported on the State's progress moving forward on the proposal.¹⁵

Act 113

Based on the provisions reflected in the Term Sheet Proposal and feedback from stakeholders, the Legislature adopted Act 113 of 2016 ("An act relating to implementing an all-payer model and oversight of accountable care organizations"). Act 113 grants the Board the authority, along with the AOA, to enter into an All-Payer Model agreement that is consistent with health care reform principles articulated in Act 48, and that meets specified statutory criteria. Specifically, in order to implement a value-based, all-payer (Medicaid, Medicare and commercial insurance) payment model, the Board and the AOA must ensure that the model: provides direct payments from Medicare to providers or ACOs without state involvement; maximizes alignment between payers; strengthens investments in primary care; incorporates social determinants of health; integrates mental health, substance abuse treatment and community-based providers into the overall health care system; prioritizes local and regional health care provider collaborations; allows providers to choose whether to participate in an ACO; evaluates access to care, quality of care, patient outcomes and social determinants of health; protects patient rights and includes processes and protocols for shared decision-making while taking into account an individual's needs, preferences, values and priorities; and ensures a robust grievance and appeals process through the HCA.¹⁶ In addition, Act 113 conferred to the Board substantial oversight responsibilities, including requirements for ACO certification and budget review.¹⁷

Since that time and guided by Act 113 and its statutory predecessors, the Board and the AOA have negotiated with CMMI to refine the terms under which an all-payer model agreement makes sense for Vermont, and have publicly discussed the proposal at its board meetings.¹⁸ The Board and the AOA released a draft of the

¹³ See, e.g., Presentation by Chair Gobeille to Senate Committee on Health and Welfare (Jan. 6, 2016); Project Update to House Committee on Health Care (Jan. 24, 2016); Presentation to Senate Committee on Health and Welfare, "Elements of Proposed Term Sheet, ACO Consumer Protections" (Feb. 11, 2016). Copies of these and other presentations to legislative committees can be accessed on the Vermont Legislature's website, <http://legislature.vermont.gov/committee/meetings/2016>.

¹⁴ A word search on the Vermont Legislature's website for "all payer model" indicates that the topic was on legislative committee agendas 18 times from August 12, 2015 to March 16, 2016. The committees include the House committees on Health Care, Ways and Means, and Human Services, and Senate committees on Health and Welfare, Finance, and Appropriations. See <http://legislature.vermont.gov/committee/history/2016/Subject#All Payer Model>.

¹⁵ See, e.g., Mansfield, E., *Session Preview 2016: Medicaid, All-Payer Reform, Universal Primary Care to Dominate Health Care Agenda* (VTDigger, Jan. 3, 2016), available at <http://vtdigger.org/2016/01/03/session-preview-2016-medicare-all-payer-reform-universal-primary-care-to-dominate-health-care-agenda-2/>; Kinzel, B., *Shumlin Unveils Plans for 'All Payer' Health Care*, (Vermont Public Radio, Jan. 25, 2016), available at <http://digital.vpr.net/post/shumlin-administration-unveils-plan-all-payer-health-care#stream/0>; Remsen, N., *A New System for Treating Health Care – the 'All Payer' System* (Seven Days, Feb. 10, 2016), available at <http://www.sevendaysvt.com/vermont/a-new-prescription-for-treating-health-care-andmdash-the-all-payer-system/Content?oid=3166352>.

¹⁶ 18 V.S.A. § 9551 (eff. Jan. 1, 2018).

¹⁷ 18 V.S.A. § 9382 ("Oversight of Accountable Care Organizations") (eff. Jan. 1, 2018).

¹⁸ Not including our October 26, 2016 public meeting at which we voted to approve the Agreement, review of our agendas, available on the Board's website, indicates that the All-Payer Model was a topic of discussion at twelve of our weekly public meetings since January 2016.

Agreement on September 28, 2016, followed by a series of public forums and Board meetings held in different regions of the State.¹⁹ The provisions found in the current draft Agreement are largely similar to those in the Term Sheet Proposal, with some key areas of divergence: The current Agreement places greater emphasis on addressing the Medicaid payer differential; includes 2017 as “Performance Year Zero”; contains a one-time \$9.5 million CMS investment in Vermont health care reform in 2017; provides more precise guardrails and State accountability for Medicare growth targets; establishes ACO scale targets; and creates a clear path for investment in, and planning for, inclusion of substance abuse and mental health services.

Public Comment and Letters of Support

The Governor’s Office and the Board received numerous public comments and letters of support from health care providers, insurers, businesses and consumer advocates. The public comments are wide-ranging, and express both support and concern about ramifications of the All-Payer Model. The letters in support of the Model recognize its potential to reduce health care cost growth, improve patient experience of care, and ultimately improve the health of Vermonters. In particular, supporters of the Agreement are optimistic that it creates an opportunity to reduce health care costs, increase access to health care services, improve care coordination and integration, and improve population health. Providers cite the importance of the opportunity to participate in a payment model that is aligned across payers and that limits health care cost growth by investing in primary care through provider-led reform. Providers also find significant the Agreement’s provisions which allow for enhanced benefits for Medicare beneficiaries attributed to an ACO, and funding for Medicare’s continued participation in the Blueprint for Health and the Support and Services at Home (SASH) programs.

The public comments and letters of support also raised critical areas of concern with respect to the proposed Model’s implementation were the State to move forward. The Vermont Medical Society (VMS) asked that the Agreement require that the State increase Medicaid reimbursement rates to at least the negotiated or applicable Medicare level; that the Agreement ensure physicians’ freedom of choice; that the Agreement provide a 30-day period for providers to review provider-specific performance data prior to any public disclosures of such data by the State; and that there be no reduction in Vermont’s already low predicted spending per Medicare enrollee. Finally, the VMS requested that the Agreement explicitly not penalize providers for receiving incentive payments under the MACRA QPP. In response to these concerns, the State requested and CMS agreed to modify the final draft of the Agreement to 1) require that the Board annually recommend that the Secretary of the Vermont Agency of Human Services (AHS) and the Vermont General Assembly set Medicaid reimbursement rates at levels comparable to Medicare fee-for-service reimbursement rates, 2) ensure physicians’ freedom of choice, and 3) allow for a 30-day preview period for providers to review their performance data before the data were subject to public disclosure. With respect to penalties for providers receiving incentive payments under the MACRA QPP, Vermont confirmed that under federal law, the 5% bonus to providers for participating in an advanced APM would be excluded from any benchmark, shared savings, and shared losses calculation.

Commenters broadly agreed that investments in primary care, preventive care, and community-based services will be essential for successful implementation of the All-Payer Model. Increased investments in substance abuse and mental health services and in Medicaid home and community-based services were also identified as requirements for an integrated model designed to improve health by spanning care delivery across the health care continuum. Some comments stressed that certain additional Medicare payment waivers should be explored as potential means to improve care delivery and accelerate innovation. In addition, commenters emphasized that individual Vermonters should receive support to enable them to improve personal health, and must be informed about their health care choices through shared decision-making tools. Finally, a majority of

¹⁹ The Draft Agreement, meeting agendas, All-Payer Model forum dates and other information are available on the Board’s website.

commenters representing payers, providers, and consumer advocates agreed that Medicaid provider reimbursement rates should be increased, and that Medicaid must operate as a predictable and reliable payer in the All-Payer Model. The Board's regulatory authority and role in overseeing ACOs, as outlined in the Agreement and in Act 113, were identified as instrumental for the All-Payer Model's success.

Decision

The Vermont Legislature in 2011 specifically tasked this Board with developing and implementing health care payment reform.²⁰ Our work on the All-Payer Model has spanned an extended period of time during which the Board and its staff, the AOA, Vermont health care providers and others have appeared before legislative committees, at public meetings and at forums. At each of these venues they have engaged in public discussions about the All-Payer Model's potential impact on the quality and cost of health care in the State, how an Agreement with CMS could be customized to Vermont's needs, and the consequences of both accepting and declining the opportunity to pursue the All-Payer Model.

As an initial matter, the Population Health Goals included in the All-Payer Model reflect Vermont's statewide priorities for health system reform, as well as for improving the health of the population. The Agreement outlines three fundamental Population Health Goals: 1) increased access to primary care, 2) reduction of deaths caused by suicide and drug overdose, and 3) reduction in the prevalence and morbidity of chronic disease.

The first goal, increasing Vermonters' access to primary care, is imperative to the success of the Model. There is strong consensus that improved access to primary care, with an enhanced focus on preventive services, can improve health care quality, improve the health of the population, and help reduce growth in health care costs.²¹ We believe that investing in this area can be achieved through provider-led care delivery changes driven by financial incentives to maintain health, achieve early diagnosis, and provide timely treatment.

The remaining two Population Health Goals align with our State Health Improvement Plan²² and are key areas where we must strive for improvement. The rate of suicide deaths among Vermont residents in 2014 was 17.2 per 100,000, statistically higher than that for the U.S. (12.9 per 100,000).²³ Like other states, Vermont is grappling with the impacts of the opioid addiction epidemic. In 2015, there were 108 drug-related fatalities in Vermont (not including deaths from motor vehicle accidents, consequences of chronic substance use, or medical errors). The State is seeing increases in heroin- and fentanyl-related fatalities.²⁴

The final Population Health Goal is to reduce the prevalence and morbidity of chronic disease (specifically diabetes, COPD and hypertension). According to the Centers for Disease Control and Prevention,

²⁰ 18 V.S.A. § 9375(b)(1).

²¹ See, e.g., Barbara Starfield et al., *Contribution of Primary Care to Health Systems and Health*, 83 *The Milbank Quarterly* 329, 457-502 (2005); Mark W. Friedberg et al., *Primary Care: A Critical Review Of The Evidence On Quality And Costs Of Health Care*, 29 *Health Affairs* 757, 766-72 (2010); Barbara Starfield et al., *The Contribution of Primary Care Systems to Health Outcomes within Organization for Economic Cooperation and Development (OECD) Countries, 1970-1998*, 38 *Health Services Research* 777, 831-65 (2003), World Health Org., *World Health Report 2008, Primary Health Care – Now More Than Ever* (2008).

²² The State Health Improvement Plan is a five-year plan that sets three broad goals and 13 indicators, with recommended strategies and interventions, as the top public health priorities for 2013-2017. See *Healthy Vermonters 2020*, available at <http://healthvermont.gov/hv2020/ship.aspx>.

²³ Vt. Dep't of Health Data Brief, *Suicide Mortality* (August 2016), available at http://healthvermont.gov/family/injury/documents/data_brief_suicide.pdf.

²⁴ Vt. Dep't of Health Data Brief, *Drug Related Fatalities 2010-2015* (updated Sept. 22, 2016) available at http://healthvermont.gov/research/documents/databrief_drug_related_fatalities.pdf.

chronic diseases are the cause of 7 of 10 deaths each year, and treatment for chronic diseases accounts for 86% of our nation's health care costs.²⁵

As we assessed whether to enter into the Agreement and to better understand the All-Payer Model's potential impact on health care cost growth in Vermont, the Board sought the advice of consultants specializing in publicly funded health care²⁶ who constructed an actuarial model based on Vermont data that includes the categories of health care spending that would be subject to the Agreement's financial targets. By making adjustments to the price and utilization of the subject service categories, the actuarial model compared projected future health care spending by payer if fee-for-service reimbursement was continued for the term of the Agreement, with future spending by payer if ACO-based reform were implemented. This analysis allowed the Board to assess the impact of various health care cost growth scenarios and the value of protective guardrails, such as a floor for Medicare growth in Performance Year One, and their impact on the Medicare savings targets in subsequent performance years.

The Board also compared the financial terms of the Vermont All-Payer Model against those for an ACO participating in the Next Generation Program. The Board found that by allowing ACOs to use a more recent year of base spending than offered by the Next Generation Program, the Vermont Model would more accurately and appropriately reflect the State's recent growth in per-capita Medicare spending. The Model further guarantees that in Performance Year One, the State can offer participating ACOs a Medicare growth rate that will be higher than the projected national average, and that for the duration of the Agreement, the target rate for Vermont Medicare growth, compared with projected national growth, is more beneficial to ACOs than if they were subject to the federal Next Generation program. Additionally, the Agreement includes approximately \$7.5 million dollars beginning in Performance Year One, trended forward annually, to continue funding for Vermont's proven primary care and prevention programs, the Blueprint for Health and Support and Services at Home (SASH). These financial improvements, coupled with the programmatic flexibility contained in the All-Payer Model Agreement, convince the Board that this Model is better tailored to our State's needs than the federal Next Generation program.

As discussed above, the Board has listened to and considered the comments and opinions voiced by a wide spectrum of Vermonters, enlisted the assistance of capable staff and experienced consultants, reviewed health care data on system performance on a national and statewide basis, and apprised itself of national policy trends in health care reform. Based on our review and with the valuable input of Vermonters and the assistance of CMMI, we believe, as discussed at the October 26, 2016 public hearing, that the terms of the Agreement are favorable to Vermont, meet criteria set by the Legislature in Act 113, and align with concerns of Vermont's providers and citizens. We therefore highlight and explain the provisions of the Agreement that support our decision to approve the Agreement:

Central Terms of the Proposed Agreement with CMS

- *Protection of Beneficiaries*: The Agreement confirms that Medicare beneficiaries will not experience any reductions in covered services, provider networks, or their right to Medicare benefits under federal law. Similarly, no part of the Agreement impacts the current benefits, covered services or choice of providers for persons with Medicaid or commercial coverage; the Agreement does not modify or limit their access to provider networks and provides that all patients will retain their choice of provider,

²⁵ <http://www.cdc.gov/chronicdisease/index.htm>.

²⁶ For this work, the Board contracted with Health Management Associates (HMA), an independent national research and consulting firm specializing in publicly funded health care, see <https://www.healthmanagement.com/>, and Optumas, an actuarial firm focusing on health care reform programs. See <http://www.optumas.com/>

whether or not such provider participates in the ACO. Vermonters can also continue to be covered for care delivered out-of-state.

- *Enhanced Benefits for Medicare Beneficiaries*: While the Agreement confirms that Medicare beneficiaries will not experience any reductions in covered services, it also provides for benefit enhancements for those Medicare beneficiaries that are attributed to an ACO. Benefit enhancements include: availability of telehealth services regardless of where a beneficiary lives, post-discharge home visits, and admission to a Skilled Nursing Facility without the requirement of first having a three-day hospital stay. The Agreement also creates the opportunity for the State to explore additional Medicare waivers that may enhance beneficiaries' access to covered services.
- *Phased-in Approach to Implementation*: The Agreement spans six years, but affords a "Year Zero" in 2017. "Year Zero" gives providers critical time to determine how best to participate in and contract with an ACO. The Agreement also provides for a phased-in approach for expanding the All-Payer Model to include the majority of willing providers in the state, meaning that on day one, not all providers and not all types of health care coverage, such as self-insured coverage, must commit to the Model.

Furthermore, the Agreement underscores the importance of including those Medicaid mental health, substance abuse, and Long-Term Services and Supports that are not equivalent to hospital and physician services, but that are essential to improving health. The Agreement specifies that the State must develop a plan and strategy by the end of Performance Year Three for including Medicaid mental health, substance abuse, and Long-Term Services and Supports in the State's delivery system reform efforts. This stepwise approach does not preclude inclusion of these services in the care delivery model, but allows the State a reasonable amount of time to determine how best to financially integrate components of the care continuum that have been long been funded in disparate ways.

- *Meaningful Measures and Targets to Support Population Health Improvement*: The Agreement establishes the three Population Health Goals, outlined above, and changes the health care system's payment incentives, allowing providers to focus on those services that keep patients well. To support achievement of the Goals, the Agreement includes seven related Health Care Delivery System Measures and Targets, and seven related Process Milestones. All of the measures are collected at the statewide or ACO level, rather than the individual practice or provider level. This comprehensive and novel quality framework links health care delivery to population health improvement and public health. The measures, targets and milestones in the Agreement are the result of numerous discussions with and input from providers, consumer advocates and State leaders.²⁷
- *Provider-Led Reform*: Medicare providers have the choice to participate in an Advanced APM through the All-Payer Model. As such, under the QPP created by MACRA, participating providers will be afforded a 5% annual payment increase. Providers who choose not to participate, and who are not participating in other Advanced APMs, will be reimbursed as otherwise stipulated under current federal law and will be subject to payment adjustments, up or down, based on participation in MIPS. MIPS will require specific new quality reporting by providers. Providers in Advanced APMs will only be subject to the quality reporting already existing in the Advanced APMs specified above. The Agreement does not require hospitals or other providers to join an ACO. The Agreement allows providers to drive

²⁷ Board staff met with providers, consumer representatives and State leaders seven times between October 14, 2015 and September 9, 2016.

innovation, including the design of reimbursement methodologies that enhance and support primary care and prevention.

- *Vermont-specific Local Control*: The Agreement provides for a Modified Next Generation ACO Program in 2018 and in the following year, the Vermont Medicare ACO Initiative. Both allow Vermont to make changes to Medicare's Next Generation ACO program and to create a risk-based alternative payment model that is more favorable than the original Next Generation ACO Program. As provided for in the Agreement, benchmarking in these models is tailored to Vermont and preferential to the standard benchmarking available in Medicare's Next Generation program. Moreover, in the Vermont Medicare ACO Initiative, the State has the opportunity to tailor ACO attribution methodology and quality measures to better align with Medicaid and commercial payers. The Agreement enables the State to make investments in the ACO and community-based services through its Medicaid waiver.
- *Preservation of Two Successful Vermont Programs*: CMS will make available \$9.5 million in start-up funding in calendar year 2017, or "Year Zero," to support care coordination and bolster collaboration between practices and community-based resources. A portion of the funding will be used to extend Medicare participation in two successful Vermont initiatives, otherwise scheduled to sunset at the end of 2016: The Blueprint for Health, Vermont's nationally recognized initiative for transforming primary care, and SASH, which has a track record of saving money—the most recent evaluation indicates annual savings of \$1,536 per participating Medicare beneficiary— while keeping Medicare beneficiaries in their homes and out of institutional settings.²⁸
- *No Financial Penalties to the State or to Providers Should Targets not be Achieved*: The State is not required to return the one-time funding described above or to return federal funding if targets or milestones are not achieved as projected in the Agreement. Importantly, the State may terminate the Agreement, for any reason, with 180 days' written notice.
- *Reasonable Targets for Limiting Health Care Cost Growth*: The Agreement establishes a 3.5% aggregate per-capita cost growth target across all payers at the conclusion of Performance Year Five. For Medicare specifically, the Agreement establishes a Vermont Medicare per-capita growth target of .01-.02 percentage points below national per-capita Medicare growth at the conclusion of Performance Year Five. Vermont projections and growth cap are predicated on Medicare Advantage growth projections, and can be age adjusted to account for Vermont's older population of Medicare beneficiaries.
- *Addresses Payer Differential*: The Agreement requires that Vermont Medicaid participates as a part of the All-Payer Model and that Vermont Medicaid offers a Scale Target ACO Initiative to Vermont ACOs no later than January 1, 2018. The Board will annually provide its recommendations to the Secretary of AHS and the Vermont General Assembly to increase Vermont Medicaid reimbursement rates to levels more comparable to Medicare fee-for-service reimbursement rates. The State intends that payments paid by Vermont Medicaid to Vermont ACOs be set for a calendar year to provide predictability. Finally, increases in Medicaid reimbursement rates to providers will be excluded from the Agreement's 3.5% aggregate per-capita growth target across all payers.

²⁸ Office of the Assistant Sec. for Planning and Evaluation, U.S. Dept. of Health & Human Services, *Support and Services at Home (SASH) Evaluation: Second Annual Report*, 35 (Jan. 1, 2016), available at <https://aspe.hhs.gov/basic-report/support-and-services-home-sash-evaluation-second-annual-report#execsum>.

- Accountability of ACO and Oversight by the GMCB: To the extent of its statutory oversight as provided for in Act 113,²⁹ the Board may direct the Vermont Medicare ACO, a Vermont Modified Next Generation ACO, or both, to make specific infrastructure and care delivery investments. The Agreement requires that the State submit, by June 30th of Performance Year Three, a plan signed by Vermont's Department of Health, AHS, the Board, and Vermont ACO(s) that provides an accountability framework to the public health system to ensure that any Vermont ACO funding allocated to community health services is being used towards achieving the Statewide Health Outcomes and Quality of Care Targets. Finally, through its regulatory authority in Act 113, the Board, in its oversight and approval of ACO budgets, can determine the extent to which ACOs are investing in primary care and prevention services.

Although many ACOs have been active in alternative payment models with one payer, there is a strong hypothesis that “efforts to improve quality and reduce costs will be more successful if multiple payers adopt these models.”³⁰ The All-Payer Model's ACO-based delivery model encourages the integration of providers from across the health care continuum into a potentially more coordinated model of care. Coupled with payment change that rewards value instead of volume of services and that is consistent across all major payer groups, providers may have more flexibility to ensure that patients receive the right kind of services at the right time.

Vermont's unique ACO-based All-Payer Model may also help eliminate inefficiencies and waste in the health care system which are widely recognized as chief drivers of increased health care cost growth. These include the duplication of services, overtreatment, and failures of care coordination and care delivery, which may result from the failure to implement “best care” processes.³¹ Further, an All-Payer Model characterized by integrated, unified care delivery fosters the adoption of programs that assist physicians and patients in making smart decisions about their care, such as Choosing Wisely. The Choosing Wisely program is targeted at avoiding unnecessary medical tests, treatments and procedures, and encourages informed conversations between patients and providers and evidence-based decision-making about appropriate patient care and treatment.³² As envisioned by the Agreement, the All-Payer Model's ACO-based delivery, paired with a payment system that no longer rewards providers for each discrete service that they perform, creates a promising environment for the health care system to more fully embrace Choosing Wisely and other similar initiatives.

²⁹ Act 113 added 18 V.S.A. § 9382 (*eff.* Jan. 1, 2018), “Oversight of Accountable Care Organizations,” which provides criteria by which the Board can certify an ACO and considerations pertaining to the Board's ACO budget oversight. Both processes are subject to rulemaking. *See* 18 V.S.A. § 9375(b)(13) (the Board shall “adopt by rule such standards as [it] deems necessary and appropriate to the operation and evaluation of accountable care organizations ... including reporting requirements, patient protections, and solvency and ability to assume financial risk”); 18 V.S.A. § 9382(a) (*eff.* Jan. 1, 2018) (the Board shall adopt rules for ACO certification); 18 V.S.A. § 9382(b) (the Board shall adopt rules to “establish standards and processes for reviewing, modifying, and approving” ACO budgets). Section 6 of Act 113 requires that the Board adopt such rules no later than January 1, 2018.

³⁰ Rahul Rajkumar et al., *CMS—Engaging Multiple Payers in Payment Reform*, 311 J. Am. Med. Assoc. 1939, 1967 (2014).

³¹ Donald M. Berwick & Andrew D. Hackbarth, *Eliminating Waste in US Health Care*, 307 J. Am. Med. Assoc. 1459, 1513 (2012).

³² Choosing Wisely was initiated in 2012 by the American Board of Internal Medicine (ABIM) Foundation. More detailed information is available on its website: <http://www.choosingwisely.org/>.

Conclusion

Based on our discussion above, we believe that our approval to sign the Agreement for the All-Payer Model is built on a solid foundation, complies with our responsibilities under Acts 48 and 113, and provides an opportunity for Vermont to move forward towards a more efficient health care system that rewards quality care and positive health outcomes. We acknowledge that our decision is only one of many steps that the State and providers choosing to participate in the All-Payer Model must take to transform our health care system to one that is affordable, sustainable, and beneficial to Vermonters. Without the guarantee of Medicare's participation in such a model, as provided in the Agreement, the health care system would continue to face changing incentives that differ by payer, competing programs with different rules, and a lack of funding for programs (including the Blueprint for Health and SASH) that have become core components of care delivery in Vermont.

The Board's decision became effective following its vote on October 26, 2016.

Dated: October 31, 2016 at Montpelier, Vermont

s/ Alfred Gobeille)

s/ Cornelius Hogan)

s/ Jessica Holmes)

s/ Betty Rambur)

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