STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: James Reardon, Commissioner of Finance & Management
From: Nathan Lavery, Fiscal Analyst
Date: December 19, 2008
Subject: JFO #2352, #2353, #2354, #2355, #2356, #2357, #2360, #2361, #2362, #2363, #2364, #2365, #2366

At the December 19, 2008 meeting of the Joint Fiscal Committee, the following grant requests were approved:

JFO #2352 — $807,500 grant from the U.S. Department of Health and Human Services to the Vermont Agency of Human Services - Department of Health.

JFO #2353 — $9,000 grant from the U.S. Environmental Protection Agency to the Agency of Natural Resource – Environmental Conservation.

JFO #2354 — $161,407 grant from the U.S. Department of Justice to the Department of Corrections.

JFO #2355 — $20,000 grant from the State Justice Institute to the Judiciary – Vermont Supreme Court.

JFO #2356 — $333,002 grant from the U.S. Department of Justice to the Judiciary – Court Administrator’s Office.

JFO #2357 — $212,408 grant from the U.S. Department of Justice to the Judiciary – Court Administrator’s Office.

JFO #2360 — $2,000,000 grant from Substance Abuse and Mental Health Services Administration to the Agency of Human Services – Department of Mental Health.

JFO #2361 — $21,000 grant from the State Justice Institute to the Judiciary.

JFO #2362 — $32,125 grant from the U.S. Department of Education to the Vermont Department of Education.

JFO #2363 — $166,160 grant from the Center for Applied and Special Technology to the Vermont Department of Education.
JFO #2364 — $12,000 grant from the National Governor’s Association to the Agency of Human Services – Department of Children and Families. This grant was approved with the understanding that expenditure of the $9,885 in state funds, as originally proposed, was no longer considered necessary and would not occur.

JFO #2365 — $19,140 donation from the Vermont Veterinary Medical Association (VVMA) to the Agency of Agriculture, Food and Markets.

JFO #2366 — $500,000 grant from the U.S. Department of Homeland Security to the Agency of Transportation – Department of Motor Vehicles.

In accordance with 32 V.S.A. §5, these grants were placed on the Joint Fiscal Committee agenda and subsequently approved by vote of the Committee. We ask that you inform the Secretary of Administration and your staff of this action.

cc: Robert Hofmann, Secretary  
    Wendy Davis, Commissioner  
    Michael Hartman, Commissioner  
    Stephen Dale, Commissioner  
    Andrew Pallito, Acting Commissioner  
    Armando Vilaseca, Commissioner  
    Lee Suskin, Court Administrator  
    Roger Allbee, Secretary  
    David Dill, Secretary  
    Bonnie Rutledge, Commissioner  
    George Crombie, Secretary  
    Laura Pelosi, Commissioner
MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: December 17, 2008
Subject: Grant Requests

Attached please find seven (7) requests which the Joint Fiscal Office recently received from the Administration:

**JFO #2360** — $2,000,000 grant from Substance Abuse and Mental Health Services Administration (SAMHSA) to the Agency of Human Services – Department of Mental Health. These grant funds will be used to improve access to mental health services for transition-aged (16-21 years) youth. The goal of this project is for these youth to have adequate preparation and the necessary supports to be productively engaged in the community and free from incarceration.

*JFO received 12/15/08*

**JFO #2361** — $21,000 grant from the State Justice Institute (SJI) to the Judiciary. These grant funds will be used to contract for consultant services to develop an action plan for strengthening the state court system’s foreign-language interpreter program, including meeting due process requirements and improving access to court-ordered programs and services.

*JFO received 12/15/08*

**JFO #2362** — $32,125 grant from the U.S. Department of Education to the Vermont Department of Education. These grant funds will be used to assist local operation agencies in implementing the interstate electronic exchange of migrant children’s records through the Migrant Student Information Exchange (MSIX). Implementation of MSIX is federally required.

*JFO received 12/15/08*

**JFO #2363** — $166,160 grant from the Center for Applied and Special Technology to the Vermont Department of Education. These grant funds will be used to provide training and technical assistance for assistance technology services to students with disabilities.

*JFO received 12/15/08*
JFO #2364 — $12,000 grant from the National Governor's Association to the Agency of Human Services – Department of Children and Families. These grant funds will be used to host the Governor's Summit on Poverty and Economic Opportunity. This grant provides support for technical assistance, planning, holding, and follow-up activities associated with the April 20, 2009 meeting.
[JFO received 12/15/08]

JFO #2365 — $19,140 donation from the Vermont Veterinary Medical Association (VVMA) to the Agency of Agriculture, Food and Markets. VVMA is donating a Companion Animal Medical Emergency Trailer (CAMET) and associated supplies to house 50 dogs and cats in case their owners are relocated during an emergency. The value of this item represents the cumulative value of the vehicle and supplies, as well as the cost of transporting the CAMET to Vermont.
[JFO received 12/15/08]

JFO #2366 — $500,000 grant from the U.S. Department of Homeland Security to the Agency of Transportation – Department of Motor Vehicles. These grant funds will be used to fund enhancements to offset costs associated with implementation of the Enhanced Driver’s License / Identification Card, including meeting Real ID requirements.
[JFO received 12/15/08]

The Joint Fiscal Office has reviewed these submissions and determined that all appropriate forms bearing the necessary approvals are in order.

Because the current Joint Fiscal Committee may not meet again prior to the onset of the legislative session, the Committee may wish to consider action on these items prior to the exhaustion of the 30 day review period.
**STATE OF VERMONT**

**GRANT ACCEPTANCE FORM**

**GRANT SUMMARY:**

Title: FY 2008 Real ID Demonstration Grant Program

This is a request for approval of a grant from US Dept. of Homeland Security for $500,000.00 to offset costs associated with implementation of the Vermont Enhanced Driver's License / Identification Card (EDL/ID). Grant is intended to be used towards securing our driver's license consistent with Real ID requirements and prioritizing achieving 15 of the 18 benchmarks outlined in the final Real ID rules. The Vermont EDL/ID is real ID compliant.

**DATE:**

October 31, 2007

**DEPARTMENT:**

DMV (AOT)

**GRANT / DONATION:**

$500,000.00

**FEDERAL CATALOG No.:** 97.089

**GRANTOR / DONOR:** US Dept. of Homeland Security

**AMOUNT / VALUE:**

$500,000.00

**POSITIONS REQUESTED:** None.

**GRANT PERIOD:**


**COMMENTS:**

See attachments.

**DEPARTMENT OF FINANCE AND MANAGEMENT:**

(Initial) 12/15/08

**SECRETARY OF ADMINISTRATION**

(Initial) 12/15/08

**SENT TO JOINT FISCAL OFFICE:**

DATE: 12/15/08

---

**RECEIVED**

DEC 15 2008

JOINT FISCAL OFFICE
STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE  (Form AA-1)

BASIC GRANT INFORMATION

1. Agency: Transportation
2. Department: Department of Motor Vehicles
3. Program: License
4. Legal Title of Grant: FY 2008 Real ID Demonstration Grant Program
5. Federal Catalog #: 97.089

6. Grant/Donor Name and Address:
   Department of Homeland Security - FEMA
   500 C Street, SW
   Washington DC 20472


8. Purpose of Grant:
   Offset costs associated with implementation of the Vermont Enhanced Driver's License/Identification card
   (EDL/ID). Grant is intended to be used towards securing our driver's license consistent with Real ID
   requirements and prioritizing achieving 15 of the 18 benchmarks outlined in the final Real ID rules. The
   Vermont EDL/ID is Real ID compliant.

9. Impact on existing program if grant is not Accepted:
   Funds will need to come from another source.

10. BUDGET INFORMATION

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Appropriation No: Amount: $


Department of Finance & Management
Version 1.3_10/21/08

Page 1 of 2

NOV 2 6 2008
**STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE**  
(Form AA-1)

### PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts?  
- [ ] Yes  
- [x] No

If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name:  
Agreed by:  
(initial)

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Total Positions

12a. Equipment and space for these positions:  
- [ ] Is presently available.  
- [ ] Can be obtained with available funds.

### AUTHORIZATION AGENCY/DEPARTMENT

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee Approval of this grant:

**Signature:**  
**Date:**

**Title:**  
**Date:**

### ACTION BY GOVERNOR

Check One Box:  
- [ ] Accepted  
- [ ] Rejected  

(Governor's signature)  
**Date:**

### SECRETARY OF ADMINISTRATION

Check One Box:  
- [ ] Request to JFO  
- [ ] Information to JFO

(Secretary's signature or designee)  
**Date:**

### DOCUMENTATION REQUIRED

Required GRANT Documentation:

- [ ] Request Memo  
- [ ] Dept. project approval (if applicable)  
- [ ] Notice of Award  
- [ ] Grant Agreement  
- [ ] Grant Budget

- [ ] Request Memo  
- [ ] Dept. project approval (if applicable)  
- [ ] Notice of Donation (if any)  
- [ ] Grant (Project) Timeline (if applicable)  
- [ ] Request for Extension (if applicable)

End Form A-1
September 5, 2008

Mr. Michael Charter
Vermont Department of Motor Vehicles
120 State Street
Montpelier, VT 05603

Dear Mr. Charter:

I am pleased to inform you that the Grant Programs Directorate has approved the application for funding under the Fiscal Year 2008 Real ID Demonstration Grant Program in the amount of $500,000 for Vermont Department of Motor Vehicles.

Enclosed you will find the Grant Award and Special Conditions documents. This award is subject to all administrative and financial requirements, including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of cash-on-hand. Should you not adhere to these requirements, you will be in violation of the terms of this agreement and the award will be subject to termination for cause or other administrative action as appropriate.

If you have questions regarding this award, please contact:
- Program Questions, Frank Lepage, Program Manager at (202) 786-9643;
- Financial and Payment Questions, Financial Accountability and Oversight Division (FAO) at (866) 927-5646, or send an email to ask-OG0@dhs.gov.

Congratulations, and we look forward to working with you.

Sincerely,

W. Ross Ashley, III
Assistant Administrator, Grant Programs Directorate

Enclosures
This project is supported under Consolidated Appropriations Act, 2008, P.L. No. 110-161.

---

### 1. STAFF CONTACT (Name & telephone number)
- Frank Lepage
  - (202) 786-9643

### 2. PROJECT DIRECTOR (Name, address & telephone number)
- Michael Charter
  - DMV Project Specialist
  - 120 State Street
  - Montpelier, VT 05603
  - (802) 828-0496

### 3a. TITLE OF THE PROGRAM
- FY 2008 Real ID Demonstration Grant Program

### 3b. POMS CODE (SEE INSTRUCTIONS ON REVERSE)

### 4. TITLE OF PROJECT
- FY 2008 Real ID Demonstration Grant Program

### 5. NAME & ADDRESS OF GRANTEE
- Vermont Department of Motor Vehicles
  - 120 State Street
  - Montpelier, VT 05603

### 6. NAME & ADDRESS OF SUBGRANTEE

### 7. PROGRAM PERIOD
- FROM: 06/01/2008 TO: 05/31/2011

### 8. BUDGET PERIOD
- FROM: 06/01/2008 TO: 05/31/2011

### 9. AMOUNT OF AWARD
- $500,000

### 10. DATE OF AWARD
- 09/05/2008

### 11. SECOND YEAR'S BUDGET

### 12. SECOND YEAR'S BUDGET AMOUNT

### 13. THIRD YEAR'S BUDGET PERIOD

### 14. THIRD YEAR'S BUDGET AMOUNT

### 15. SUMMARY DESCRIPTION OF PROJECT (See instruction on reverse)

Through this accord, the drivers' license issuing authority for the Vermont Department of Motor Vehicles will use grant funding in the amount of $500,000 for REAL ID implementation. Funding will allow Vermont Department of Motor Vehicles to make improvements in the processes and IT systems it uses to verify an individual's personal identification information. These improvements are needed to strengthen the verification process and standardize the procedures States use for drivers' license and ID card issuance as required by the REAL ID Act of 2005.
The U.S. Department of Homeland Security (DHS) the Federal Emergency Management Agency’s (FEMA) Grant Programs Directorate (GPD) must consider the environmental impacts of a grant action under the National Environmental Policy Act (NEPA), 42 U.S.C. §§ 4321-4370d, and other laws and federal regulations require DHS to evaluate whether activities under the Fiscal Year (FY) 2008 Real ID Demonstration Grant Program (Real ID) have the potential to have an adverse impact on communities, public health, or the environment. NEPA requires that any federally funded grant activity be reviewed for potential to have an adverse impact on communities, public health, or the environment within the place of performance of the project. Recipients of the FY 2008 Real ID grants are subject to compliance with NEPA and projects that may have a significant adverse impact on communities, public health, or the environment are not eligible for funding under the FY 2008 Real ID grant program. DHS has identified several categories of actions that do not individually or cumulatively have a significant impact on the human environment and therefore do not require an Environmental Assessment (EA) or Environmental Impact Statement (EIS). These categorical exclusions allow awardees to avoid unnecessary analysis, process, and paperwork and concentrate their resources on those proposed actions having real potential for environmental concerns. For an action to be categorically excluded, awardees must satisfy the following conditions: 1. The entire action must clearly fit within one or more of the categories of excludable actions listed in DHS Management Directive 5100.1, Environmental Planning Program. 2. The scope of the action has not been segmented to be a small piece of a larger action in order to avoid the appearance of significance. 3. No extraordinary circumstances with potentially significant impacts relating to the proposed action exist. 4. Any project that may have a significant adverse impact on communities, public health, or the environment is not eligible for funding under the FY 2008 Real ID grant program. 5. Eligible FY 2008 Real ID purchases must be capable of functioning independently
to reduce their related vulnerabilities. FY 2008 Real ID purchases may not be dependent on the availability of other resources and the availability of other resources must not be dependent upon the availability of FY 2008 Real ID resources to fulfill their intended purposes. 6. Use of FY 2008 Real ID funds for construction or renovation projects is prohibited. In order to fulfill its requirements, DHS requires awardees and/or responsible jurisdiction sub-awardees, pursuant to the assurances related to this cooperative agreement, to complete and submit a NEPA Compliance Checklist indicating any effects the awardee's proposed expenditures might have. Based on the responses to the checklist, awardees may be required to provide additional detailed information on the activities to be conducted, locations, sites, possible expenditures, possible alternatives, and any environmental concerns that may exist. This review could result in an equipment purchase not being approved for funding. Any additional activities conducted using DHS grant funding that require specific documentation of NEPA compliance must be coordinated between the awardee and the FEMA Headquarters Program Analyst.
July 16, 2008

The Honorable James H. Douglas
Governor of Vermont
State Capitol
Montpelier, Vermont 05609

Dear Governor Douglas:

Thank you for your February 19, 2008 letter, co-signed by Governor Christine Gregoire, concerning your State’s Enhanced Driver’s License (EDL) program and the use of the EDLs for official purposes pursuant to the REAL ID Act of 2005, P.L. 109-13.

I commend the State of Vermont for working with us in the effort to bolster security through secure identification. I truly appreciate the hard work that is being done by the State as it moves towards issuance of its first EDLs in the fall. Several other States have followed your lead.

You asked whether DHS considers an EDL to be REAL ID-compliant, and therefore acceptable for official purposes as outlined in the REAL ID Act of 2005. The answer to your question depends on the time period under consideration and whether Vermont meets the terms of its EDL business plan. All Vermont driver’s licenses will continue to be accepted for official purposes until December 31, 2009, as Vermont was granted an extension beyond the May 11, 2008 compliance date. From January 1, 2010, through May 11, 2011, Vermont’s EDLs will continue to meet REAL ID requirements since they already meet the applicable material compliance benchmarks outlined in the REAL ID final rule. After May 11, 2011, Vermont’s EDLs will have to meet the full requirements of the REAL ID final rule that were outlined in the Vermont EDL business plan in order for Vermont EDLs to be considered REAL ID-compliant and therefore acceptable for official purposes.

Vermont’s EDL business plan was finalized shortly after the REAL ID Final Rule was published and includes all REAL ID requirements pertinent to EDL issuance. These requirements include: (1) information and security features that must be incorporated into each card; (2) specific application information to establish the identity and U.S. citizenship of an applicant before a card can be issued; (3) ability to verify source documents provided by an applicant with document issuing agencies; and (4) physical security standards for locations where licenses and applicable identification cards are issued.

Thus, Vermont EDLs should continue to be in compliance with REAL ID over time. Full implementation of REAL ID will bring capabilities that are not available today — otherwise they would have been required of the Vermont EDL from the beginning. For example, as part of REAL ID, DHS is supporting development of the Electronic Verification of Vital Events (EVVE) system. The EVVE system will enable Departments of Motor Vehicles and other government entities to
verify birth certificates with issuing agencies around the Nation. Meanwhile, without EVVE and certain other requirements in place, DHS and Vermont proceeded with the EDL, recognizing that such enhancements could come over time. Vermont’s EDLs, issued as outlined in its business plan and evolving as capabilities become available, will be REAL ID compliant. At that point, they will be accepted for official purposes under the REAL ID Act.

Thank you for your continued support and partnership. If you have any additional questions, please have your staff contact Kathleen Kraninger, Deputy Assistant Secretary for Policy (Screening Coordination), at (202) 447-3871 or kathleen.kraninger@dhs.gov.

Sincerely,

Anne Petera
Assistant Secretary
Intergovernmental Programs
MEMORANDUM

TO: 
FY 2008 REAL ID Demonstration Grant Program Grant Award Recipients

FROM: 
W. Ross Ashley, III
Assistant Administrator
Grant Programs Directorate (GPD)
FEMA

DATE: 
October 6, 2008

SUBJECT: 
REAL ID Grant Adjustment Notice

All REAL ID grantees are advised of the following changes, effective immediately upon receipt of this notification:

1. The Grant Managers Memorandum, Part I, Project Summary, Item # 15 entitled, “Summary Description of Project is changed by replacing “Through this accord, the drivers’ license issuing authority for [State] will use grant funding in the amount of [amount] for REAL ID implementation.” with a new sentence that reads, “Through this accord, the driver’s license issuing authority for [State] will use grant funding in the amount of [amount] towards securing their driver’s licenses consistent with REAL ID requirements and prioritizing achieving 15 of the 18 benchmarks.”

2. The following change replaces this sentence in special condition # 10, “In accordance with 6 CFR part 37, the following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative. The recipient agrees to meet 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009.”, with a new sentence that states, “The following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative. The recipient agrees to work towards 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009.”

Questions regarding this correspondence should be directed to Frank Lepage, REAL ID Grant Program Manager, FEMA/GPD, at 202-786 9643, or by e-mail at frank.lepage@dhs.gov. Grantees may also contact the FEMA/GPD helpdesk at 1-800 368 6498, or by e-mail at askcsid@dhs.gov. To discuss these changes with the REAL ID Program Office, please contact Darrell Williams, REAL ID Program Office Director, at 202-447 3836, or by e-mail at darrell.williams1@dhs.gov. Grantees may also send questions or comments to the DHS REAL ID inbox, at REALID@dhs.gov.
U.S. Department of Homeland Security
Grant Programs Directorate

GRANT ADJUSTMENT NOTICE

1. GRANTEE NAME AND ADDRESS (Including Zip Code)
   Vermont Department of Motor Vehicles
   120 State Street
   Montpelier, VT 05603

1A. GRANTEE IRS/VENDOR NUMBER
   036000275

2. PROJECT TITLE
   FY 2008 Real ID Demonstration Grant Program

3. GRANT NUMBER
   2008-ID-T8-0049

4. ADJUSTMENT NUMBER
   1

5. DATE
   OCT 30 2008

6. GRANT MANAGER
   Frank Lepage

SECTION I. DEOBLIGATIONS & REOBLIGATIONS

7. ACCOUNTING CLASSIFICATION CODE
   FISCAL YEAR CODE ACT. OFC. DIV. REG. SUB. MBO

9. PREVIOUS GRANT AWARD AMOUNT
   $ 500,000

10. REOBLIGATION AMOUNT

11. ADJUSTED AWARD AMOUNT
    $ 500,000.00

SECTION II. CHANGES

12. CHANGE GRANT MANAGER FROM: TO:

13. CHANGE GRANT PERIOD FROM: TO:

SECTION III. OTHER ADJUSTMENTS & INFORMATION

14

The signatory authority for this grant is changed as of this date. Please direct all mail, fax, electronic correspondence and telephone contacts to:

Bonnie L Rutledge
Commissioner
Vermont Department of Motor Vehicles
120 State St.
Montpelier, VT 05603
(802) 828-2011 - Office
(802) 828-2170 - Fax
Bonnie.Rutledge@state.vt.us

15. TYPED NAME AND TITLE OF AUTHORIZED OFFICIAL
   Jim Marks, Acting Director, Grant Development and Administration

16. SIGNATURE OF AUTHORIZED OFFICIAL
   [Signature]
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<th><strong>Grant</strong></th>
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<td><strong>18. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL</strong>&lt;br&gt;Michael Charter&lt;br&gt;DMV Project Specialist</td>
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Real ID Grant

The Department of Homeland Security (DHS) has offered grants to assist the states in becoming compliant with the Real ID Act. Vermont DMV has signed a Memorandum of Understanding with DHS to begin issuing Enhanced Driver Licenses (EDL) in early 2009. DMV has been assured in writing that the VT EDL will be Real ID Compliant as long as we meet the 18 benchmarks they have outlined. This $500,000 grant will allow us to use federal funds to reach this goal. The grant will cover the cost of designing and implementing the EDL process in our current system and in the new VT Drives system when it is implemented later in 2009. Without the grant the EDL cost will have to be covered by state funds that could well be used elsewhere.

Budget Breakdown

Digimarc Development costs $454,775
(Digimarc is the provider of all DMV photo ID services. DMV is contracting with Digimarc to develop the enhanced license and the new process associated with their issuance.)

Saber Interface to VT Drives 45,225
(Saver Interface is the consultant that will develop the new motor vehicle software system.)
STATE OF VERMONT
GRANT ACCEPTANCE FORM

GRANT SUMMARY: Title: FY 2008 Real ID Demonstration Grant Program

This is a request for approval of a grant from US Dept. of Homeland Security for $500,000.00 to offset costs associated with implementation of the Vermont Enhanced Driver’s License / Identification Card (EDL/ID). Grant is intended to be used towards securing our driver’s license consistent with Real ID requirements and prioritizing achieving 15 of the 18 benchmarks outlined in the final Real ID rules. The Vermont EDL/ID is real ID compliant.

DATE: October 31, 2007
DEPARTMENT: DMV (AOT)
GRANT / DONATION: $500,000.00

FEDERAL CATALOG No.: 97.089
GRANTOR / DONOR: US Dept. of Homeland Security

AMOUNT / VALUE: $500,000.00

POSITIONS REQUESTED: None.

COMMENTS: See attachments.

DEPARTMENT OF FINANCE AND MANAGEMENT: (INITIAL) 
SECRETARY OF ADMINISTRATION: (INITIAL) 
SENT TO JOINT FISCAL OFFICE: DATE: 12/15/08

RECEIVED
DEC 15 2008
JOINT FISCAL OFFICE
**STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE** (Form AA-1)

**BASIC GRANT INFORMATION**

1. **Agency:** Transportation  
2. **Department:** Department of Motor Vehicles  
3. **Program:** License  
4. **Legal Title of Grant:** FY 2008 Real ID Demonstration Grant Program  
5. **Federal Catalog #:** 97.089  
6. **Grant/Donor Name and Address:** Department of Homeland Security - FEMA  
   500 C Street, SW  
   Washington DC 20472  
7. **Grant Period:** From: 6/1/2008 To: 5/31/2011

**Purpose of Grant:** Offset costs associated with implementation of the Vermont Enhanced Driver's License/Identification card (EDL/ID). Grant is intended to be used towards securing our driver's license consistent with Real ID requirements and prioritizing achieving 15 of the 18 benchmarks outlined in the final Real ID rules. The Vermont EDL/ID is Real ID compliant.

**Impact on existing program if grant is not Accepted:** Funds will need to come from another source.

**BUDGET INFORMATION**

<table>
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<tr>
<th>Expenditures</th>
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<td>$</td>
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</tbody>
</table>

Department of Finance & Management  
Version 1.3, 10/21/08  

Page 1 of 2
### Personal Service Information

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

Appointing Authority Name:  
Agreed by:  
(initial)  

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<th>12. Limited Service Position Information:</th>
<th># Positions</th>
<th>Title</th>
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<tr>
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<td></td>
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<tr>
<td></td>
<td>[ ] Is presently available.</td>
<td>[ ] Can be obtained with available funds.</td>
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</table>

### Authorization Agency/Department

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee Approval of this grant:

Signature:  
Boone L Rottledge  
Date:  
11/9/08  
Title:  
Commissioner  
Signature:  
Date:  

### Action by Governor

- [X] Accepted  
  (Governor's signature)  
  Date:  
  11/5/08

### Secretary of Administration

- [ ] Request to JFO  
  (Secretary's signature or designee)  
  Date:  
  11/8/08

### Documentation Required

- Request Memo  
- Dept. project approval (if applicable)  
- Notice of Award  
- Grant Agreement  
- Grant Budget  
- Dept. project approval (if applicable)  
- Notice of Donation (if any)  
- Grant (Project) Timeline (if applicable)  
- Request for Extension (if applicable)  

End Form AA-1
Mr. Michael Charter  
Vermont Department of Motor Vehicles  
120 State Street  
Montpelier, VT 05603

Dear Mr. Charter:

I am pleased to inform you that the Grant Programs Directorate has approved the application for funding under the Fiscal Year 2008 Real ID Demonstration Grant Program in the amount of $500,000 for Vermont Department of Motor Vehicles.

Enclosed you will find the Grant Award and Special Conditions documents. This award is subject to all administrative and financial requirements, including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of cash-on-hand. Should you not adhere to these requirements, you will be in violation of the terms of this agreement and the award will be subject to termination for cause or other administrative action as appropriate.

If you have questions regarding this award, please contact:

- Program Questions, Frank Lepage, Program Manager at (202) 786-9643;
- Financial and Payment Questions, Financial Accountability and Oversight Division (FAO) at (866) 927-5646, or send an email to ask-OG0@dhs.gov.

Congratulations, and we look forward to working with you.

Sincerely,

W. Ross Ashley, III  
Assistant Administrator, Grant Programs Directorate

Enclosures
<table>
<thead>
<tr>
<th><strong>1. STAFF CONTACT (Name &amp; telephone number)</strong></th>
<th><strong>2. PROJECT DIRECTOR (Name, address &amp; telephone number)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Lepage</td>
<td>Michael Charter</td>
</tr>
<tr>
<td>(202) 786-9643</td>
<td>DMV Project Specialist</td>
</tr>
<tr>
<td></td>
<td>120 State Street</td>
</tr>
<tr>
<td></td>
<td>Montpelier, VT 05603</td>
</tr>
<tr>
<td></td>
<td>(802) 828-0496</td>
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<tr>
<th><strong>3a. TITLE OF THE PROGRAM</strong></th>
<th><strong>3b. POMS CODE (SEE INSTRUCTIONS ON REVERSE)</strong></th>
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<table>
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<tr>
<td>120 State Street</td>
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<tr>
<td>Montpelier, VT 05603</td>
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<tr>
<th><strong>15. SUMMARY DESCRIPTION OF PROJECT (See instruction on reverse)</strong></th>
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<tbody>
<tr>
<td>Through this accord, the drivers' license issuing authority for the Vermont Department of Motor Vehicles will use grant funding in the amount of $500,000 for REAL ID implementation. Funding will allow Vermont Department of Motor Vehicles to make improvements in the processes and IT systems it uses to verify an individual's personal identification information. These improvements are needed to strengthen the verification process and standardize the procedures States use for drivers' license and ID card issuance as required by the REAL ID Act of 2005.</td>
</tr>
</tbody>
</table>

OJP FORM 4000/2 (REV. 4-88)
The U.S. Department of Homeland Security (DHS) the Federal Emergency Management Agency’s (FEMA) Grant Programs Directorate (GPD) must consider the environmental impacts of a grant action under the National Environmental Policy Act (NEPA), 42 U.S.C. §§ 4321-4370d, and other laws and federal regulations require DHS to evaluate whether activities under the Fiscal Year (FY) 2008 Real ID Demonstration Grant Program (Real ID) have the potential to have an adverse impact on communities, public health, or the environment. NEPA requires that any federally funded grant activity be reviewed for potential to have an adverse impact on communities, public health, or the environment within the place of performance of the project. Recipients of the FY 2008 Real ID grants are subject to compliance with NEPA and projects that may have a significant adverse impact on communities, public health, or the environment are not eligible for funding under the FY 2008 Real ID grant program. DHS has identified several categories of actions that do not individually or cumulatively have a significant impact on the human environment and therefore do not require an Environmental Assessment (EA) or Environmental Impact Statement (EIS). These categorical exclusions allow awardees to avoid unnecessary analysis, process, and paperwork and concentrate their resources on those proposed actions having real potential for environmental concerns. For an action to be categorically excluded, awardees must satisfy the following conditions: 1. The entire action must clearly fit within one or more of the categories of excludable actions listed in DHS Management Directive 5100.1, Environmental Planning Program. 2. The scope of the action has not been segmented to be a small piece of a larger action in order to avoid the appearance of significance. 3. No extraordinary circumstances with potentially significant impacts relating to the proposed action exist. 4. Any project that may have a significant adverse impact on communities, public health, or the environment is not eligible for funding under the FY 2008 Real ID grant program. 5. Eligible FY 2008 Real ID purchases must be capable of functioning independently.
to reduce their related vulnerabilities. FY 2008 Real ID purchases may not be dependent on the availability of other resources and the availability of other resources must not be dependent upon the availability of FY 2008 Real ID resources to fulfill their intended purposes. 6. Use of FY 2008 Real ID funds for construction or renovation projects is prohibited. In order to fulfill its requirements, DHS requires awardees and/or responsible jurisdiction sub-awardees, pursuant to the assurances related to this cooperative agreement, to complete and submit a NEPA Compliance Checklist indicating any effects the awardee's proposed expenditures might have. Based on the responses to the checklist, awardees may be required to provide additional detailed information on the activities to be conducted, locations, sites, possible expenditures, possible alternatives, and any environmental concerns that may exist. This review could result in an equipment purchase not being approved for funding. Any additional activities conducted using DHS grant funding that require specific documentation of NEPA compliance must be coordinated between the awardee and the FEMA Headquarters Program Analyst.
July 16, 2008

The Honorable James H. Douglas
Governor of Vermont
State Capitol
Montpelier, Vermont 05609

Dear Governor Douglas:

Thank you for your February 19, 2008 letter, co-signed by Governor Christine Gregoire, concerning your State’s Enhanced Driver’s License (EDL) program and the use of the EDLs for official purposes pursuant to the REAL ID Act of 2005, P.L. 109-13.

I commend the State of Vermont for working with us in the effort to bolster security through secure identification. I truly appreciate the hard work that is being done by the State as it moves towards issuance of its first EDLs in the fall. Several other States have followed your lead.

You asked whether DHS considers an EDL to be REAL ID-compliant, and therefore acceptable for official purposes as outlined in the REAL ID Act of 2005. The answer to your question depends on the time period under consideration and whether Vermont meets the terms of its EDL business plan. All Vermont driver’s licenses will continue to be accepted for official purposes until December 31, 2009, as Vermont was granted an extension beyond the May 11, 2008 compliance date. From January 1, 2010, through May 11, 2011, Vermont’s EDLs will continue to meet REAL ID requirements since they already meet the applicable material compliance benchmarks outlined in the REAL ID final rule. After May 11, 2011, Vermont’s EDLs will have to meet the full requirements of the REAL ID final rule that were outlined in the Vermont EDL business plan in order for Vermont EDLs to be considered REAL ID-compliant and therefore acceptable for official purposes.

Vermont’s EDL business plan was finalized shortly after the REAL ID Final Rule was published and includes all REAL ID requirements pertinent to EDL issuance. These requirements include: (1) information and security features that must be incorporated into each card; (2) specific application information to establish the identity and U.S. citizenship of an applicant before a card can be issued; (3) ability to verify source documents provided by an applicant with document issuing agencies; and (4) physical security standards for locations where licenses and applicable identification cards are issued.

Thus, Vermont EDLs should continue to be in compliance with REAL ID over time. Full implementation of REAL ID will bring capabilities that are not available today – otherwise they would have been required of the Vermont EDL from the beginning. For example, as part of REAL ID, DHS is supporting development of the Electronic Verification of Vital Events (EVVE) system. The EVVE system will enable Departments of Motor Vehicles and other government entities to
verify birth certificates with issuing agencies around the Nation. Meanwhile, without EVVE and certain other requirements in place, DHS and Vermont proceeded with the EDL, recognizing that such enhancements could come over time. Vermont’s EDLs, issued as outlined in its business plan and evolving as capabilities become available, will be REAL ID compliant. At that point, they will be accepted for official purposes under the REAL ID Act.

Thank you for your continued support and partnership. If you have any additional questions, please have your staff contact Kathleen Kraninger, Deputy Assistant Secretary for Policy (Screening Coordination), at (202) 447-3871 or kathleen.kraninger@dhs.gov.

Sincerely,

Anne Petera
Assistant Secretary
Intergovernmental Programs
MEMORANDUM

TO: FY 2008 REAL ID Demonstration Grant Program Grant Award Recipients

FROM: W. Ross Ashley, III
Assistant Administrator
Grant Programs Directorate (GPD)
FEMA

DATE: October 6, 2008

SUBJECT: REAL ID Grant Adjustment Notice

All REAL ID grantees are advised of the following changes, effective immediately upon receipt of this notification:

1. The Grant Managers Memorandum, Part I, Project Summary, Item # 15 entitled, "Summary Description of Project is changed by replacing "Through this accord, the drivers' license issuing authority for [State] will use grant funding in the amount of [amount] for REAL ID implementation." with a new sentence that reads, "Through this accord, the driver's license issuing authority for [State] will use grant funding in the amount of [amount] towards securing their driver's licenses consistent with REAL ID requirements and prioritizing achieving 15 of the 18 benchmarks."

2. The following change replaces this sentence in special condition # 10, "In accordance with 6 CFR part 37, the following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative. The recipient agrees to meet 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009. ", with a new sentence that states, "The following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative. The recipient agrees to work towards 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009."

Questions regarding this correspondence should be directed to Frank Lepage, REAL ID Grant Program Manager, FEMA/GPD, at 202-786 9643, or by e-mail at frank.lepage@dhs.gov. Grantees may also contact the FEMA/GPD helpdesk at 1-800 368 6498, or by e-mail at askcsid@dhs.gov. To discuss these changes with the REAL ID Program Office, please contact Darrell Williams, REAL ID Program Office Director, at 202-447 3836, or by e-mail at darrell.williams1@dhs.gov. Grantees may also send questions or comments to the DHS REAL ID inbox, at REALID@dhs.gov.
GRANT ADJUSTMENT NOTICE

1. GRANTEE NAME AND ADDRESS (Including Zip Code)
   Vermont Department of Motor Vehicles
   120 State Street
   Montpelier, VT 05603

2. PROJECT TITLE
   FY 2008 Real ID Demonstration Grant Program

3. GRANT NUMBER
   2008-ID-T8-0049

4. ADJUSTMENT NUMBER
   1

5. DATE
   OCT 30 2008

SECTION I. DEOBLIGATIONS & REOBLIGATIONS

7. ACCOUNTING CLASSIFICATION CODE
   FISCAL FUND BUD.
   YEAR CODE ACT. OFC. DIV.REG. SUB. MBO

9. PREVIOUS GRANT AWARD AMOUNT
   $ 500,000

10. REOBLIGATION AMOUNT
    $

11. ADJUSTED AWARD AMOUNT
    $ 500,000

SECTION II. CHANGES

12. CHANGE GRANT MANAGER
    FROM: ________________ TO: ________________

13. CHANGE GRANT PERIOD
    FROM: ________________ TO: ________________

SECTION III. OTHER ADJUSTMENTS & INFORMATION

14. The signatory authority for this grant is changed as of this date. Please direct all mail, fax, electronic correspondence and telephone contacts to:

   Bonnie L Rutledge
   Commissioner
   Vermont Department of Motor Vehicles
   120 State St.
   Montpelier, VT 05603
   (802) 828-2011 - Office
   (802) 828-2170 - Fax
   Bonnie.Rutledge@state.vt.us

15. TYPED NAME AND TITLE OF AUTHORIZED OFFICIAL
   Jim Marks, Acting Director, Grant Development and Administration

16. SIGNATURE OF AUTHORIZED OFFICIAL
   [Signature]
<table>
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<td>11. TOTAL AWARD $ 500,000</td>
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<td>12. SPECIAL CONDITIONS THE ABOVE GRANT PROJECT IS APPROVED SUBJECT TO SUCH CONDITIONS OR LIMITATIONS AS ARE SET FORTH ON THE ATTACHED PAGE(S).</td>
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<tr>
<td>13. STATUTORY AUTHORITY FOR GRANT</td>
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<td>This project is supported under Consolidated Appropriations Act, 2008, P.L. No. 110-161</td>
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<td>14. GRANTEE IRS/VENDOR NO. 036000275</td>
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<td>15. METHOD OF PAYMENT PAPRS</td>
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<tr>
<td>16. TYPED NAME AND TITLE OF APPROVING DHS OFFICIAL W. Ross Ashley, III</td>
<td></td>
</tr>
<tr>
<td>Assistant Administrator, Grant Programs Directorate</td>
<td></td>
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<tr>
<td>17. SIGNATURE OF APPROVING DHS OFFICIAL</td>
<td></td>
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<tr>
<td>18. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL Michael Charter</td>
<td></td>
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<tr>
<td>DMV Project Specialist</td>
<td></td>
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<tr>
<td>19. SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL</td>
<td>19A. DATE 11/19/08</td>
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OJP FORM 40002 (REV. 5-87) PREVIOUS EDITIONS ARE OBSOLETE.
Real ID Grant

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(Digimarc is the provider of all DMV photo ID services. DMV is contracting with Digimarc to develop the enhanced license and the new process associated with their issuance.)

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(Saver Interface is the consultant that will develop the new motor vehicle software system.)
STATE OF VERMONT
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This is a request for approval of a grant from US Dept. of Homeland Security for $500,000.00 to offset costs associated with implementation of the Vermont Enhanced Driver's License / Identification Card (EDL/ID). Grant is intended to be used towards securing our driver's license consistent with Real ID requirements and prioritizing achieving 15 of the 18 benchmarks outlined in the final Real ID rules. The Vermont EDL/ID is real ID compliant.

DATE: October 31, 2007
DEPARTMENT: DMV (AOT)
GRANT / DONATION: $500,000.00

FEDERAL CATALOG No.: 97.089
GRANTOR / DONOR: US Dept. of Homeland Security

AMOUNT / VALUE: $500,000.00

POSITIONS REQUESTED: None.
COMMENTS: See attachments.

DEPARTMENT OF FINANCE AND MANAGEMENT: (INITIAL) 
SECRETARY OF ADMINISTRATION: (INITIAL) 
SENT TO JOINT FISCAL OFFICE: DATE: 12/15/08

RECEIVED 
DEC 15 2008 
JOINT FISCAL OFFICE
**STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE**  
(Form AA-1)

### BASIC GRANT INFORMATION

1. **Agency:** Transportation  
2. **Department:** Department of Motor Vehicles  
3. **Program:** License  
4. **Legal Title of Grant:** FY 2008 Real ID Demonstration Grant Program  
5. **Federal Catalog #:** 97.089  
6. **Grant/Donor Name and Address:**  
   Department of Homeland Security - FEMA  
   500 C Street, SW  
   Washington DC 20472  
7. **Grant Period:** From: 6/1/2008 To: 5/31/2011  
8. **Purpose of Grant:**  
   Offset costs associated with implementation of the Vermont Enhanced Driver's License/Identification card (EDL/ID). Grant is intended to be used towards securing our driver's license consistent with Real ID requirements and prioritizing achieving 15 of the 18 benchmarks outlined in the final Real ID rules. The Vermont EDL/ID is Real ID compliant.  
9. **Impact on existing program if grant is not Accepted:**  
   Funds will need to come from another source.  

### 10. BUDGET INFORMATION

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>SFY 1</th>
<th>SFY 2</th>
<th>SFY 3</th>
<th>Comments</th>
</tr>
</thead>
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<th>SFY 1</th>
<th>SFY 2</th>
<th>SFY 3</th>
<th>Comments</th>
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<tbody>
<tr>
<td>State Funds:</td>
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<tr>
<td>Cash</td>
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<td>In-Kind</td>
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<td>Federal Funds:</td>
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<tr>
<td>(Direct Costs)</td>
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<td>(Departmental Indirect)</td>
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<td>Grant (source)</td>
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<td><strong>Total</strong></td>
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<tr>
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</table>
## 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:  
   Agreed by:  

12. Limited Service Position Information:

<table>
<thead>
<tr>
<th># Positions</th>
<th>Title</th>
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<tr>
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<td></td>
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</tbody>
</table>

Total Positions

12a. Equipment and space for these positions:

- Is presently available.  
- Can be obtained with available funds.

## AUTHORIZATION AGENCY/DEPARTMENT

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee Approval of this grant:

<table>
<thead>
<tr>
<th>Signature:</th>
<th>Date:</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>11/9/08</td>
</tr>
</tbody>
</table>

Title:  

13. ACTION BY GOVERNOR

Check One Box:  

- Accepted  
- Rejected

(Governor’s signature)  

Date:  

14. SECRETARY OF ADMINISTRATION

Check One Box:  

- Request to JFO  
- Information to JFO

(Secretary’s signature or designee)  

Date:  

15. DOCUMENTATION REQUIRED

Required GRANT Documentation

<table>
<thead>
<tr>
<th>Request Memo</th>
<th>Request Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dept. project approval</td>
<td>Dept. project approval (if applicable)</td>
</tr>
<tr>
<td>Notice of Award</td>
<td>Notice of Donation (if any)</td>
</tr>
<tr>
<td>Grant Agreement</td>
<td>Grant (Project) Timeline (if applicable)</td>
</tr>
<tr>
<td>Grant Budget</td>
<td>Request for Extension (if applicable)</td>
</tr>
</tbody>
</table>

End Form AA-1
September 5, 2008

Mr. Michael Charter
Vermont Department of Motor Vehicles
120 State Street
Montpelier, VT 05603

Dear Mr. Charter:

I am pleased to inform you that the Grant Programs Directorate has approved the application for funding under the Fiscal Year 2008 Real ID Demonstration Grant Program in the amount of $500,000 for Vermont Department of Motor Vehicles.

Enclosed you will find the Grant Award and Special Conditions documents. This award is subject to all administrative and financial requirements, including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of cash-on-hand. Should you not adhere to these requirements, you will be in violation of the terms of this agreement and the award will be subject to termination for cause or other administrative action as appropriate.

If you have questions regarding this award, please contact:

- Program Questions, Frank Lepage, Program Manager at (202) 786-9643;

- Financial and Payment Questions, Financial Accountability and Oversight Division (FAO) at (866) 927-5646, or send an email to ask-OG0@dhs.gov.

Congratulations, and we look forward to working with you.

Sincerely,

W. Ross Ashley, III
Assistant Administrator, Grant Programs Directorate

Enclosures
<table>
<thead>
<tr>
<th>1. STAFF CONTACT (Name &amp; telephone number)</th>
<th>2. PROJECT DIRECTOR (Name, address &amp; telephone number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Lepage (202) 786-9643</td>
<td>Michael Charter DMV Project Specialist 120 State Street Montpelier, VT 05603 (802) 828-0496</td>
</tr>
</tbody>
</table>

3a. TITLE OF THE PROGRAM
FY 2008 Real ID Demonstration Grant Program

3b. POMS CODE (SEE INSTRUCTIONS ON REVERSE)

4. TITLE OF PROJECT
FY 2008 Real ID Demonstration Grant Program

5. NAME & ADDRESS OF GRANTEE
Vermont Department of Motor Vehicles
120 State Street
Montpelier, VT 05603

6. NAME & ADDRESS OF SUBGRANTEE

7. PROGRAM PERIOD
FROM: 06/01/2008 TO: 05/31/2011

8. BUDGET PERIOD
FROM: 06/01/2008 TO: 05/31/2011

9. AMOUNT OF AWARD
$ 500,000

10. DATE OF AWARD
09/05/2008

11. SECOND YEAR'S BUDGET

12. SECOND YEAR'S BUDGET AMOUNT

13. THIRD YEAR'S BUDGET PERIOD

14. THIRD YEAR'S BUDGET AMOUNT

15. SUMMARY DESCRIPTION OF PROJECT (See instruction on reverse)
Through this accord, the drivers' license issuing authority for the Vermont Department of Motor Vehicles will use grant funding in the amount of $500,000 for REAL ID implementation. Funding will allow Vermont Department of Motor Vehicles to make improvements in the processes and IT systems it uses to verify an individual's personal identification information. These improvements are needed to strengthen the verification process and standardize the procedures States use for drivers' license and ID card issuance as required by the REAL ID Act of 2005.
The U.S. Department of Homeland Security (DHS) the Federal Emergency Management Agency's (FEMA) Grant Programs Directorate (GPD) must consider the environmental impacts of a grant action under the National Environmental Policy Act (NEPA), 42 U.S.C. §§ 4321-4370d, and other laws and federal regulations require DHS to evaluate whether activities under the Fiscal Year (FY) 2008 Real ID Demonstration Grant Program (Real ID) have the potential to have an adverse impact on communities, public health, or the environment. NEPA requires that any federally funded grant activity be reviewed for potential to have an adverse impact on communities, public health, or the environment within the place of performance of the project. Recipients of the FY 2008 Real ID grants are subject to compliance with NEPA and projects that may have a significant adverse impact on communities, public health, or the environment are not eligible for funding under the FY 2008 Real ID grant program. DHS has identified several categories of actions that do not individually or cumulatively have a significant impact on the human environment and therefore do not require an Environmental Assessment (EA) or Environmental Impact Statement (EIS). These categorical exclusions allow awardees to avoid unnecessary analysis, process, and paperwork and concentrate their resources on those proposed actions having real potential for environmental concerns. For an action to be categorically excluded, awardees must satisfy the following conditions: 1. The entire action must clearly fit within one or more of the categories of excludable actions listed in DHS Management Directive 5100.1, Environmental Planning Program. 2. The scope of the action has not been segmented to be a small piece of a larger action in order to avoid the appearance of significance. 3. No extraordinary circumstances with potentially significant impacts relating to the proposed action exist. 4. Any project that may have a significant adverse impact on communities, public health, or the environment is not eligible for funding under the FY 2008 Real ID grant program. 5. Eligible FY 2008 Real ID purchases must be capable of functioning independently
to reduce their related vulnerabilities. FY 2008 Real ID purchases may not be dependent on the availability of other resources and the availability of other resources must not be dependent upon the availability of FY 2008 Real ID resources to fulfill their intended purposes. 6. Use of FY 2008 Real ID funds for construction or renovation projects is prohibited. In order to fulfill its requirements, DHS requires awardees and/or responsible jurisdiction sub-awardees, pursuant to the assurances related to this cooperative agreement, to complete and submit a NEPA Compliance Checklist indicating any effects the awardee's proposed expenditures might have. Based on the responses to the checklist, awardees may be required to provide additional detailed information on the activities to be conducted, locations, sites, possible expenditures, possible alternatives, and any environmental concerns that may exist. This review could result in an equipment purchase not being approved for funding. Any additional activities conducted using DHS grant funding that require specific documentation of NEPA compliance must be coordinated between the awardee and the FEMA Headquarters Program Analyst.
July 16, 2008

The Honorable James H. Douglas
Governor of Vermont
State Capitol
Montpelier, Vermont 05609

Dear Governor Douglas:

Thank you for your February 19, 2008 letter, co-signed by Governor Christine Gregoire, concerning your State’s Enhanced Driver’s License (EDL) program and the use of the EDLs for official purposes pursuant to the REAL ID Act of 2005, P.L. 109-13.

I commend the State of Vermont for working with us in the effort to bolster security through secure identification. I truly appreciate the hard work that is being done by the State as it moves towards issuance of its first EDLs in the fall. Several other States have followed your lead.

You asked whether DHS considers an EDL to be REAL ID-compliant, and therefore acceptable for official purposes as outlined in the REAL ID Act of 2005. The answer to your question depends on the time period under consideration and whether Vermont meets the terms of its EDL business plan. All Vermont driver’s licenses will continue to be accepted for official purposes until December 31, 2009, as Vermont was granted an extension beyond the May 11, 2008 compliance date. From January 1, 2010, through May 11, 2011, Vermont’s EDLs will continue to meet REAL ID requirements since they already meet the applicable material compliance benchmarks outlined in the REAL ID final rule. After May 11, 2011, Vermont’s EDLs will have to meet the full requirements of the REAL ID final rule that were outlined in the Vermont EDL business plan in order for Vermont EDLs to be considered REAL ID-compliant and therefore acceptable for official purposes.

Vermont’s EDL business plan was finalized shortly after the REAL ID Final Rule was published and includes all REAL ID requirements pertinent to EDL issuance. These requirements include: (1) information and security features that must be incorporated into each card; (2) specific application information to establish the identity and U.S. citizenship of an applicant before a card can be issued; (3) ability to verify source documents provided by an applicant with document issuing agencies; and (4) physical security standards for locations where licenses and applicable identification cards are issued.

Thus, Vermont EDLs should continue to be in compliance with REAL ID over time. Full implementation of REAL ID will bring capabilities that are not available today – otherwise they would have been required of the Vermont EDL from the beginning. For example, as part of REAL ID, DHS is supporting development of the Electronic Verification of Vital Events (EVVE) system. The EVVE system will enable Departments of Motor Vehicles and other government entities to
verify birth certificates with issuing agencies around the Nation. Meanwhile, without EVVE and certain other requirements in place, DHS and Vermont proceeded with the EDL, recognizing that such enhancements could come over time. Vermont’s EDLs, issued as outlined in its business plan and evolving as capabilities become available, will be REAL ID compliant. At that point, they will be accepted for official purposes under the REAL ID Act.

Thank you for your continued support and partnership. If you have any additional questions, please have your staff contact Kathleen Kraninger, Deputy Assistant Secretary for Policy (Screening Coordination), at (202) 447-3871 or kathleen.kraninger@dhs.gov.

Sincerely,

Anne Petera
Assistant Secretary
Intergovernmental Programs
MEMORANDUM

TO: FY 2008 REAL ID Demonstration Grant Program Grant Award Recipients

FROM: W. Ross Ashley, III
Assistant Administrator
Grant Programs Directorate (GPD)
FEMA

DATE: October 6, 2008

SUBJECT: REAL ID Grant Adjustment Notice

All REAL ID grantees are advised of the following changes, effective immediately upon receipt of this notification:

1. The Grant Managers Memorandum, Part I, Project Summary, Item # 15 entitled, "Summary Description of Project is changed by replacing "Through this accord, the drivers' license issuing authority for [State] will use grant funding in the amount of [amount] for REAL ID implementation." with a new sentence that reads, "Through this accord, the driver's license issuing authority for [State] will use grant funding in the amount of [amount] towards securing their driver's licenses consistent with REAL ID requirements and prioritizing achieving 15 of the 18 benchmarks."

2. The following change replaces this sentence in special condition # 10, "In accordance with 6 CFR part 37, the following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative. The recipient agrees to meet 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009.", with a new sentence that states, "The following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative. The recipient agrees to work towards 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009."

Questions regarding this correspondence should be directed to Frank Lepage, REAL ID Grant Program Manager, FEMA/GPD, at 202-786 9643, or by e-mail at frank.lepage@dhs.gov. Grantees may also contact the FEMA/GPD helpdesk at 1-800 368 6498, or by e-mail at askcsid@dhs.gov. To discuss these changes with the REAL ID Program Office, please contact Darrell Williams, REAL ID Program Office Director, at 202-447 3636, or by e-mail at darrell.williams1@dhs.gov. Grantees may also send questions or comments to the DHS REAL ID inbox, at REALID@dhs.gov.
U.S. Department of Homeland Security  
Grant Programs Directorate

GRANT ADJUSTMENT NOTICE

1. GRANTEE NAME AND ADDRESS (Including Zip Code)  
Vermont Department of Motor Vehicles  
120 State Street  
Montpelier, VT 05603

1A. GRANTEE IRS/VENDOR NUMBER  
036000275

2. PROJECT TITLE  
FY 2008 Real ID Demonstration Grant Program

3. GRANT NUMBER  
2008-ID-T8-0049

4. ADJUSTMENT NUMBER  

5. DATE  
OCT 30 2008

6. GRANT MANAGER  
Frank Lepage

SECTION I. DEOBLIGATIONS & REOBLIGATIONS

7. ACCOUNTING CLASSIFICATION CODE  
FISCAL YEAR FUND BUD. CODE ACT. OFC. DIV. REG. SUB. MBO

9. PREVIOUS GRANT AWARD AMOUNT  
$500,000

10. REOBLIGATION AMOUNT  
$

11. ADJUSTED AWARD AMOUNT  
$500,000.00

SECTION II. CHANGES

12. CHANGE GRANT MANAGER  
FROM:  
TO:

13. CHANGE GRANT PERIOD  
FROM:  
TO:

SECTION III. OTHER ADJUSTMENTS & INFORMATION

14. The signatory authority for this grant is changed as of this date. Please direct all mail, fax, electronic correspondence and telephone contacts to:

Bonnie L Rutledge  
Commissioner  
Vermont Department of Motor Vehicles  
120 State St.  
Montpelier, VT 05603  
(802) 828-2011 - Office  
(802) 828-2170 - Fax  
Bonnie.Rutledge@state.vt.us

15. TYPED NAME AND TITLE OF AUTHORIZED OFFICIAL  
Jim Marks, Acting Director, Grant Development and Administration

16. SIGNATURE OF AUTHORIZED OFFICIAL
1. RECIPIENT NAME AND ADDRESS (Including Zip Code)
Vermont Department of Motor Vehicles
120 State Street
Montpelier, VT 05603

4. AWARD NUMBER: 2008-ID-T8-0049

5. PROJECT PERIOD: FROM 06/01/2008 TO 05/31/2011
    BUDGET PERIOD: FROM 06/01/2008 TO 05/31/2011

6. AWARD DATE: 09/05/2008

7. ACTION: Initial

8. SUPPLEMENT NUMBER: 00

9. PREVIOUS AWARD AMOUNT: $0

10. AMOUNT OF THIS AWARD: $500,000

11. TOTAL AWARD: $500,000

12. SPECIAL CONDITIONS
THE ABOVE GRANT PROJECT IS APPROVED SUBJECT TO SUCH CONDITIONS OR LIMITATIONS AS ARE SET FORTH ON THE ATTACHED PAGE(S).

13. STATUTORY AUTHORITY FOR GRANT
This project is supported under Consolidated Appropriations Act, 2008, P.L. No. 110-161

15. METHOD OF PAYMENT
PAPRS

16. TYPED NAME AND TITLE OF APPROVING DHS OFFICIAL
W. Ross Ashley, III
Assistant Administrator, Grant Programs Directorate

18. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL
Michael Charter
DMV Project Specialist

17. SIGNATURE OF APPROVING DHS OFFICIAL

19. SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL
Bonnie L. Beetlestone

20. ACCOUNTING CLASSIFICATION CODES
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<td>8 T ID 25 00 00 500000</td>
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21. ID08V40020
Real ID Grant

The Department of Homeland Security (DHS) has offered grants to assist the states in becoming compliant with the Real ID Act. Vermont DMV has signed a Memorandum of Understanding with DHS to begin issuing Enhanced Driver Licenses (EDL) in early 2009. DMV has been assured in writing that the VT EDL will be Real ID Compliant as long as we meet the 18 benchmarks they have outlined. This $500,000 grant will allow us to use federal funds to reach this goal. The grant will cover the cost of designing and implementing the EDL process in our current system and in the new VT Drives system when it is implemented later in 2009. Without the grant the EDL cost will have to be covered by state funds that could well be used elsewhere.

Budget Breakdown

Digimarc Development costs $454,775  
(Digimarc is the provider of all DMV photo ID services. DMV is contracting with Digimarc to develop the enhanced license and the new process associated with their issuance.)

Saber Interface to VT Drives  45,225  
(Saver Interface is the consultant that will develop the new motor vehicle software system.)
SPECIAL CONDITIONS

1. The grantee and any subgrantee shall comply with all applicable laws, regulations and program guidance. A non-exclusive list of regulations commonly applicable to DHS grants are listed below, including the guidance:

A. Administrative Requirements

1) OMB Circular A-102, State and Local Governments (10/07/94, amended 08/29/07) (44CFR Part 13)

2) OMB Circular A-110, Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (11/19/93, amended 09/30/99) (2 CFR Part 215)

B. Cost Principles

1) OMB Circular A-87, State and Local Governments (05/10/04)

2) OMB Circular A-21, Educational Institutions (5/10/04)

3) OMB Circular A-122, Non-Profit Organizations (5/10/04)

C. Audit Requirements

1) OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (6/24/97, includes revisions published in the Federal Register 6/27/03)

2. Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the enactment, repeal, modification or adoption of any law, regulation or policy, at any level of government, without the express prior written approval of GPD.

3. The grantee and subgrantee must comply with FEMA's codified regulation 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

4. The grantee and subgrantee must comply with the most recent version of the Administration Requirements, Cost Principles, and Audit requirements.

5. The recipient agrees to comply with the organizational audit requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

6. The recipient agrees that federal funds under this award will be used to supplement but not supplant state or local funds.

7. The recipient acknowledges that the Department of Homeland Security reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal government purposes: (1) the copyright in any work developed under an award or sub-award; and (2) any rights of copyright to which a recipient or sub-recipient purchases ownership with Federal support.

8. The grantee is prohibited from obligating, expending or drawing down funds provided through this award pending review and approval of the grant applicant's Budget Detail Worksheet and Budget Narrative by FEMA's Financial Accountability and Oversight Division (FAO). A Grant Adjustment Notice (GAN) will be issued removing this special condition after final approval of the budget.
9. The grantee is prohibited from obligating, expending or drawing down funds provided through this award until a revised Program Narrative is provided to and approved by the program office and a Grant Adjustment Notice (GAN) removing this special condition is issued prior to any work beginning on the project.

10. Reporting Requirements: The recipient must submit a revised Program Narrative that will include a REAL ID Material Compliance Checklist pursuant to 6 CFR (Combined Federal Regulation) part 37 (see below) indicating benchmarks the jurisdiction has already met and the individual benchmarks that have yet to be completed. The recipient agrees to meet 15 benchmarks (excluding benchmarks 11, 17 and 18) as outlined below by December 31, 2009. Benchmarks not yet completed but imminent or in progress must have estimated date(s) for completion. In instances where grantees cannot estimate dates of completion, the grantee should state why the benchmark(s) cannot be achieved, whether due to lack of funding, or other constraints such as State laws and regulations. The Program Narrative will also identify how grant funding will be applied to meeting individual benchmarks.

Grantees that have already met 15 of the benchmarks (excluding Benchmarks 11, 17 and 18) must document the outstanding requirements of the final rule for which grant funding will be used to meet the estimated milestones and completion dates for these benchmarks.
SPECIAL CONDITIONS

11. In accordance with 6 CFR part 37, the following benchmarks for material compliance checklist will be used for the report and accompany the revised Program Narrative.

1. § 37.11(a) Subject each applicant to a mandatory facial image capture and retain such image even if a driver license (DL) or identification card (ID) is not issued

2. § 37.11(b) Have each applicant sign a declaration under penalty of perjury that the information presented is true and correct, and retain this declaration pursuant to § 37.31.

3. § 37.11(c) (1) Require an individual to present at least one of the source documents listed in subsections (i) through (x) when establishing identity

4. § 37.11(d)-(g) Require documentation of:
   • Date of birth
   • Social Security Number
   • Address of principal residence
   • Evidence of lawful status

5. § 37.11(h) Have a documented exceptions process that meets the requirements established in 37.11(h)(1)-(3) (if States choose to have such a process)

6. § 37.13(a) Make reasonable efforts to ensure that the applicant does not have more than one DL or ID already issued by that State under a different identity

7. § 37.13(b)(1) Verify lawful status through SAVE or another method approved by DHS

8. § 37.13(b)(2) Verify Social Security account numbers with the Social Security Administration or another method approved by DHS

9. § 37.15(b) Issue DL and IDs that contain Level 1, 2 and 3 integrated security features

10. § 37.17(a)-(l) Surface (front and back) of cards include the following printed information in Latin alpha-numeric characters:
   • Full legal name
   • Date of birth
   • Gender
   • Unique DL/ID number
   • Full facial digital photograph
   • Address of principal residence [with exceptions]
   • Signature [with exceptions]
   • Date of transaction
   • Expiration date
   • State or territory of issuance

11. § 37.17 (c) Commit to mark materially compliant DL and IDs with a DHS-approved security marking

12. § 37.21 Issue temporary or limited-term licenses to all individuals with temporary lawful status and tie license validity to the end of lawful status

13. § 37.41 Have a documented security plan for DMV operations in accordance with the requirements set forth in § 37.41

14. § 37.41(b)(2) Have protections in place to ensure the security of personally identifiable information
15. § 37.41(b)(5) (i)-(ii) Require all employees handling source documents or issuing DLs or IDs to attend and complete the AAMVA approved (or equivalent) fraudulent document recognition training and security awareness training

16. § 37.45 Conduct name-based and fingerprint-based criminal history and employment eligibility checks on all employees in covered positions or an alternative procedure approved by DHS

17. § 37.51 (b)(1) Commit to be in material compliance with Subparts A through D no later than January 1, 2010 or within 90 days of submission of this document, whichever date is earlier

18. § 37.71 (b)(1) Clearly state on the face of non-compliant DLs or IDs that the card is not acceptable for official purposes, except for licenses renewed or reissued under § 37.27

12. The recipient agrees that all allocations and use of funds under this grant award will be in accordance with the Fiscal Year 2008 REAL ID Demonstration Grant Program Guidelines and Application Kit.

13. The recipient will submit semianual progress reports beginning in December, 2008, through FEMA/GPD’s Grants Reporting Tool (GRT). These reports must include documentation of the progress achieved in meeting the Material Compliance benchmarks using grant funding and updated Material Compliance checklist. Semi-annual progress reports will be submitted within 30 days after the end of the reporting periods, which are June 30 and December 31, for the life of the award. Before December, 2008, States may be asked by the REAL ID Program Office at DHS HQ’s to submit an interim status report on use of grant funds to implement the 18 benchmarks. The interim report with the checklist will be submitted in an original and one copy. Mail the reports and checklist to:

DHS
Real ID Program Office
Department of Homeland Security
Washington, DC 20528

and

FEMA/GPD
500 C St., SW
Techworld (5th Floor, Rm 5141)
Washington, DC 20472

14. The recipient agrees to submit a final report at the end of this award documenting all relevant project activities during the entire period of support under this award. This report will include detailed information about the project(s) funded, including, but not limited to, information about how the funds were actually used for each purpose area, data to support statements of progress, and data concerning individual results and outcomes of funded projects reflecting project successes and impacts. The final report is due 30 days following the close of this award period or the expiration of any extension periods. Recipient shall submit an original and one copy of the report.

15. The recipient agrees to submit quarterly financial reports on Standard Form SF 269A. These reports will be submitted within 30 days after the end of the calendar quarter, with a final report due 90 days following the end of the award period. The report shall be submitted in the Payment and Reporting System (PARS).

In accordance with Treasury regulations at 31 CFR Part 205, the Grantee shall maintain procedures to minimize the time elapsing between the transfer of funds and the disbursement of said funds. (See 44 CFR, Part 13.21(i) regarding payment of interest earned on advances.
SPECIAL CONDITIONS

16. When implementing FEMA/GPD funded activities, the recipient must comply with all federal civil rights laws, to include Title VI of the Civil Rights Act, as amended.

17. The recipient agrees that all publications created with funding under this grant shall prominently contain the following statement: "This Document was prepared under a grant from the Federal Emergency Management Agency's (FEMA) Grant Programs Directorate (GPD) United States Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position of policies of FEMA/GPD or the U.S. Department of Homeland Security."

18. The recipient agrees that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: "Purchased with funds provided by the U.S. Department of Homeland Security."

19. The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.