



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee Members  
From: Nathan Lavery, Fiscal Analyst  
Date: June 11, 2013  
Subject: Grant Requests

Enclosed please find three (3) items that the Joint Fiscal Office has received from the administration.

**JFO #2625** – Request to establish a \$5 fee per online child support payment to allow non-custodial parents and employers to submit electronic credit card payments via the internet. Joint Fiscal Committee approval of this fee request is required in accordance with 22 V.S.A. § 953 (c)(2).  
[JFO received 06/06/13]

**JFO #2626** – \$25,000 grant from the Vermont Community Foundation to the Vermont Agency of Natural Resources Central Office. These funds will support the development of a work plan for the climate change policy position approved in the FY2014 budget, complete an analysis of existing state goals, programs and partnerships related to climate change, and develop scenarios for achieving the goals of the 2011 Comprehensive Energy Plan. This grant will support the hiring of a temporary employee or consultant to meet the goals of the grant.  
[JFO received 06/06/13]

**JFO #2627** – Donation of \$50,500 from Pat and Ray Mainer to the Vermont Department of Fish & Wildlife. The value of this donation represents the difference between the appraised value (\$130,500) of 68 acres of land in the Lewis Creek watershed (Monkton) and the price to be paid by the State of Vermont (\$80,000) for this acquisition.  
[JFO received 06/06/13]

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; [nlavery@leg.state.vt.us](mailto:nlavery@leg.state.vt.us)) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by June 25 we will assume that you agree to consider as final the Governor's acceptance of these requests.



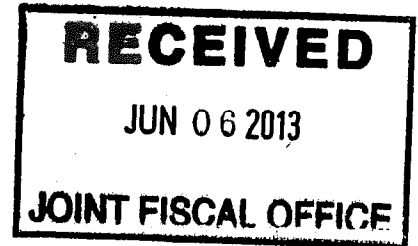
State of Vermont  
Agency of Administration  
Office of the Secretary  
Pavilion Office Building  
109 State Street  
Montpelier, VT 05609-0201  
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[phone] 802-828-3322  
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Jeb Spaulding, Secretary

JFO 2625

May 13, 2013



The Honorable Governor Peter Shumlin  
Pavilion Building  
Montpelier, Vermont 05602

Dear Governor Shumlin:

In 2006, the Department of Information and Innovation (DII) entered into a contract with Vermont Information Consortium (VIC), which provides development and hosting services for the Vermont.gov web portal. A two-step process was put in place by statute for approval of sites that include fees. The Web Portal Board first considers proposals already vetted by DII. If the Web Portal Board approves the fee structure, the next step is for the Governor's office to present the board's action to the Joint Fiscal Committee with a request for approval. The Joint Fiscal Committee then acts to review and approve or reject the actions of the board.

VIC and the Office of Child Support (OCS) are requesting that the Joint Fiscal Committee approve a transaction fee to allow for the implementation of a credit card payment option for the Custodial Parents in order to make it easier for citizens to do business with the state.

The Web Portal Board met electronically over the week of April 29 through May 3, 2013 and voted electronically on May 6<sup>th</sup> and 7<sup>th</sup> and approved the proposed fee structure for this system (see attached summary). During the 2010 session the Legislature created a new process for gaining the Joint Fiscal Committee's approval of fees. Therefore, this letter is submitted in accordance with this new process. The new process is as follows:

(1) All such charges (following approval by the Web Portal Board) shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

- (A) the costs, direct and indirect, for the present and future years related to the charge;
- (B) the department or program which will utilize the charge;
- (C) a brief statement of purpose;
- (D) the impact on existing programs if the charge is not accepted.

For this project these are:

(A) With regard to this new process and the fees associated with the development of the payment system, we submit the following for your consideration:

The service will reduce the costs and risks associated with the division's time handling cash and checks by providing a comprehensive backend service to ensure that payments are applied appropriately and handled electronically rather than manually. It will also have additional controls in place to ensure that money is not applied and distributed to the wrong case, which will also reduce manual processing.

(B) This system is being built for the Office of Child Support (OCS) for use by noncustodial parents.

(C) The new service will benefit a large group of stakeholders—non-custodial parents, custodial parents, employers and the children involved. The service will potentially increase child support collections for children by adding a new payment method for both non-custodial parents and employers, reduce the number of paper checks processed through the TD Bank lockbox system, and enhance the accuracy and timeliness of both child support data and payments.

#### Current Process:

OCS currently only accepts child support payments through cash or check. Bills are mailed out monthly for NCPs and weekly for employers. Each bill includes a payment coupon. The coupon and the payment are either mailed in to the lockbox at TD Bank, accepted at the OCS regional offices or at court.

#### Future Online Process:

The proposed online service will process credit card payments by providing a secure online platform that can be easily accessed through the current OCS internet site. The service will match the information entered in to the system, process the payment and then forward a file to TD Bank to be incorporated into the existing lock box file. Because the system will have internal edits to confirm information on the payment prior to processing, it will reduce the need to manually process these payments when they are received in the Cash Receipts Unit.

The new online process will allow a NCP to make payments via secure credit card that they otherwise may not be able to make. This process will reduce the length of time between the payment and when it is disbursed to the custodial parent as there is no mail time. By allowing credit card payments, NCP's may also be able to avoid enforcement remedies being pursued on their case. Finally, the new online service will allow OCS staff to input payments on behalf of NCPs and employers through a comprehensive backend admin service, reduce errors, and provide more accurate information overall.

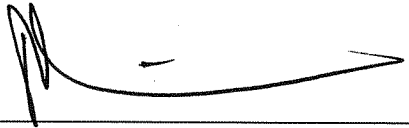
(D) If this charge is not accepted, NCPs and employers will be limited to continuing to make payments through cash and checks with its inherent limitations. Because NCPs are faced with enforcement remedies when they do not pay their obligation, the inability to pay by credit card may result in court actions up to and including imprisonment. The current check handling process also has system limitations due to the ACCESS system which enables child support to be applied and distributed on the wrong case if NCPs and employers do not use the appropriate coupon. These errors put the Division in the position of having to recoup the costs which often times takes many years.

Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal Office, so they may take the next steps to help us continue to create a modern eGovernment system for the State of Vermont.

Respectfully Submitted,



Michael Clasen  
Chairperson of the Web Portal Board

Approved 

Peter Shumlin, Governor of the State of Vermont

**Attached is a request for Joint Fiscal Committee and Legislative approval of the Office of Child Support's proposed fee structure for accepting credit card payments from non-custodial parents and employers.**

The Office of Child Support (OCS) has worked with the Department of Information and Innovation and the Vermont Information Consortium to develop a secure credit card payment process system for non-custodial parents (NCPs) and employers to make required payments. OCS currently only accepts child support payments through cash or check. Bills are mailed out monthly for NCPs and weekly for employers. Each bill includes a payment coupon. The coupon and the payment are either mailed in to the lockbox at TD Bank, accepted at the OCS regional offices or at court.

The proposed online service will process credit card payments by providing a secure online platform that can be easily accessed through the current OCS internet site. The service will match the information entered in to the system, process the payment and then forward a file to TD Bank to be incorporated into the existing lock box file. Because the system will have internal edits to confirm information on the payment prior to processing, it will reduce the need to manually process these payments when they are received in the Cash Receipts Unit.

The new online process will allow a NCP to make payments via secure credit card that they otherwise may not be able to make. This process will reduce the length of time between the payment and when it is disbursed to the custodial parent as there is no mail time. By allowing credit card payments, NCP's may also be able to avoid enforcement remedies being pursued on their case. Finally, the new online service will allow OCS staff to input payments on behalf of NCPs and employers through a comprehensive backend admin service, reduce errors, and provide more accurate information overall.

**The Web Portal Board and the Governor have approved this fee.**

*In accordance with 22 V.S.A. § 953 (c)(2): The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.*

Thank you for your consideration.

Cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office



<b>SERVICE NAME:</b>	Child Support Credit/Debit Card Payment System
<b>AGENCY/DEPARTMENT:</b>	Agency of Human Services/Dept. for Children & Families
<b>FUNDING:</b>	\$5 Fee Per CC Transaction

**Service Overview**

VIC and the Department for Children and Families, Office of Child Support are requesting that the Vermont Web Portal Board approve a credit card fee of \$5 added onto the transaction total per online child support payment, to allow non-custodial parents (NCPs) and employers to submit payments electronically over the internet. The account and payment information will then be processed by VIC and routed through TD Bank to the Office of Child Support.

The new service will benefit a large group of stakeholders—non-custodial parents, custodial parents, employers and the children involved. The service will potentially increase child support collections for children by adding a new payment method for both non-custodial parents and employers, reduce the number of paper checks processed through the TD Bank lockbox system, and enhance the accuracy and timeliness of both child support data and payments.

**Current Process**

OCS currently only accepts child support payments through cash or check. Bills are mailed out monthly for NCPs and weekly for employers. Each bill includes a payment coupon. The coupon and the payment are either mailed in to the lockbox at TD Bank, accepted at the OCS regional offices or at court. The current process does not provide for the additional option of credit or debit card payments, thereby reducing the timeliness and overall volume of payments from NCPs to the Office.

**Future Online Process**

After reviewing the options, the Office of Child Support has determined that the best way to achieve their goals is through an online service developed and deployed by VIC. The proposed online service will process credit card payments by providing a secure online platform that can be easily accessed through the current OCS internet site. The service will match the information entered in to the system, process the payment and then forward a file to TD Bank to be incorporated into the existing lock box file. Because the system will have internal edits to confirm information on the payment prior to processing, it will reduce the need to manually process these payments when they are received in the Cash Receipts Unit.

The new online process will allow a NCP to make payments via secure credit card that they otherwise may not be able to make. This process will reduce the length of time between the payment and when it is disbursed to the custodial parent as there is no mail time. By allowing credit card payments, NCP's may also be able to avoid enforcement remedies being pursued on their case. Finally, the new online service will allow OCS staff to input payments on behalf of NCPs and employers through a comprehensive backend admin service, reduce errors, and provide more accurate information overall.

**From:** "Clasen, Michael" <Michael.Clasen@state.vt.us>  
**To:** "Lavery, Nathan" <nlavery@leg.state.vt.us>  
**Date:** 6/10/2013 8:38 PM  
**Subject:** Fwd: JFC Infomation  
**Attachments:** 2294\_001.pdf; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: "Cohen, Jeff" <Jeff.Cohen@state.vt.us<mailto:Jeff.Cohen@state.vt.us>>  
Date: June 10, 2013, 12:28:24 PM EDT  
To: "Garrand, Roberta" <Roberta.Garrand@state.vt.us<mailto:Roberta.Garrand@state.vt.us>>, "Bell, Harry" <Harry.Bell@state.vt.us<mailto:Harry.Bell@state.vt.us>>, "Clasen, Michael" <Michael.Clasen@state.vt.us<mailto:Michael.Clasen@state.vt.us>>  
Subject: RE: JFC Infomation

Harry/Michael,

I understand that JFC wants additional information about our web portal proposal. I case they haven't seen it, attached is the detailed rationale we submitted to the Governor. OCS initiated and supports this effort (also used in other states) for a number of reasons that should be pointed out to the committee:

- The fee is purely a convenience fee for purposes of covering the cost of credit card transactions. The state is not making money from the fee.
  - The fee is completely optional and only charged to parents who prefer to make payments by credit card. If they choose not to use a credit card there is no state fee charged for child support payments made by check, money order, cash, etc.
  - Providing parents the option of paying by credit card could help increase child support payments.
  - In some cases allowing parents to pay by credit card can help them avoid court sanctions or surcharges on unpaid child support balances which could be far more than the fee.
- Please let me know if you think the committee will need additional information. Thanks.  
Jeff