



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.aoa.vermont.gov

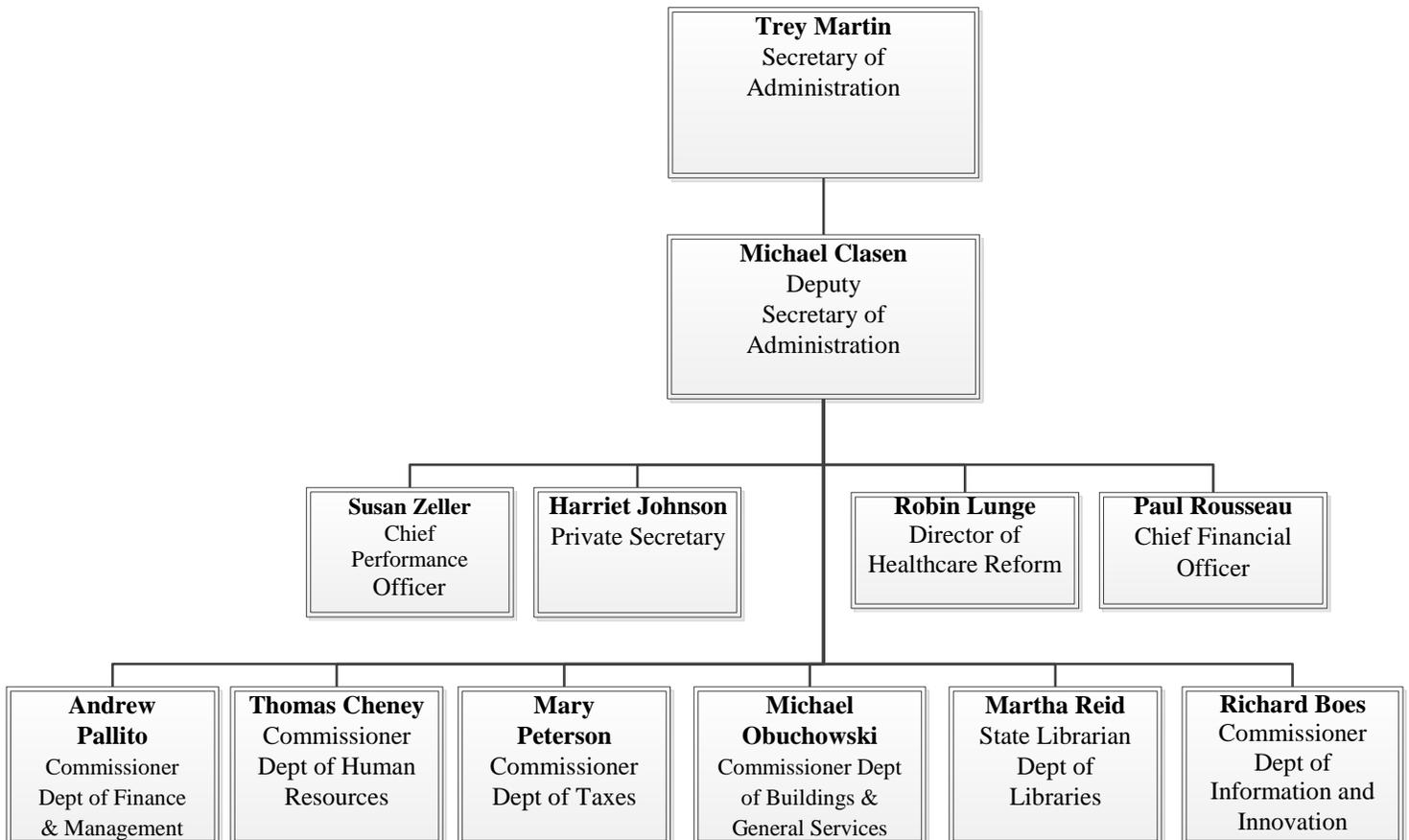
[phone] 802-828-3322
[fax] 802-828-3320

Trey Martin, Secretary
Michael Clasen, Deputy

SOA Transition Document – November 2016

Secretary of Administration

As principal administrative aide to the Governor, the Secretary of Administration issues general policy requirements through administrative memoranda and bulletins to implement executive orders and legislative mandates applicable to the executive branch of state government. In addition to agency divisions and personnel, the SOA oversees the six administrative departments that deliver internal services within state government. The Secretary convenes and chairs the Governor’s Cabinet, coordinates the budget and appropriations testimony to the General Assembly and manages the Agency of Administration. The Secretary also directs the collective bargaining processes on behalf of all state agencies for the approximately 7,600 executive branch state employees and works to promote and enhance staff development training and the overall well-being of the state’s workforce. The Secretary’s office comprises the Secretary, Deputy Secretary and an Executive Assistant.



The following positions and divisions report directly to the Secretary of Administration.

Chief Performance Officer (CPO). The CPO oversees continuous performance and **fiscal transparency** improvements within the state government. This includes **administrative bulletins** (policies), operational efficiencies, **strategic planning** and the implementation of **performance-based budgeting** and the annual **Legislative Population-Level Outcomes and Indicators Report**, a priority of both the Administration and the Legislature.

Director of Health Care Reform (HCR). The AoA is responsible for the coordination of health care system reform efforts through the Director of **Health Care Reform**, among executive branch agencies, departments, and offices, managing the federal **Vermont Health Care Innovation Project**, and for coordinating with the **Green Mountain Care Board**.

Office of Risk Management (ORM). The **ORM** serves several functions for the State, including liability claims filed against the State, developing and assessing the premiums to fund the self-insurance funds for the State (workers' compensation and liability), managing commercial insurance policies, certificates of insurance requests, and requests to modify standard state insurance requirements for contracts and grants. The **ORM** also handles the State's self-insured workers' program, workplace safety and safety training.

Agency Financial Services (AFS). AFS provides accounting and **budget support** for the Office of the Secretary and for all AoA departments and for smaller state units without internal financial capacity. AFS accounting services include: processing of daily accounting transactions, fixed and capital assets management, time & labor validation, expense reimbursements, monthly and year-end close-out, and periodic financial reporting. AFS develops the annual budget for the agency, departments and divisions. Other functions include an internal audit function, financial analysis, and programmatic annual rate setting.

The Following Departments Report Directly to the Secretary of Administration.

The Agency of Administration comprises six departments that act as internal service providers to executive branch agencies and departments, Vermont tax payers, contracting parties and those quasi-governmental entities who receive state appropriations. The six AOA departments are:

Department of Finance and Management. The primary purpose of the Department of Finance & Management is to oversee efficient and effective operations related to the State of Vermont's finances. They serve their stakeholders in many ways including coordinating the Governor's budget recommendations, delivering reliable financial information, advocating for responsible use of taxpayer dollars, and supporting the State's accounting system.

Department of Buildings and General Services (BGS). The Department of Buildings and General Services exists primarily to provide the facilities and services required for all state agencies and departments to accomplish their missions. Building construction and renovation, buildings and grounds maintenance and custodial services as well as the security of state facilities constitute some of the most significant aspects of the BGS mission. Over 334 employees are dedicated to providing safe and healthy working environments in over 4 million square feet of office, customer service areas, information centers, courtrooms, correctional facilities, and storage space. In addition, BGS provides postal, print and copying services, manages the state's fleet vehicle inventory and oversees all of the state's purchasing, contracting, and surplus property requirements.

Department of Human Resources (DHR). The principal goal of Department of Human Resources is to support State Government as it attracts, retains, and rewards a talented and diverse workforce with the skills necessary for Agencies and Departments to meet their organizations' objectives in an efficient and cost effective manner. The Department adds value to State Government by providing a variety of human resource management tools;

- Executing strategy
- Building management infrastructure
- Promoting employee development and, managing transition and change.

The Department consults and works in partnership with management, their primary customers, to solve people-related business issues. Further, they develop programs and policies to build the capabilities of our employees enabling them to perform their current jobs and prepare for the future challenges that may face the organization.

Department of Taxes. The mission of the Vermont Department of Taxes is to collect the proper amount of tax revenue in a timely and efficient manner to pay for the goods and services provided by state government. The Department consists of seven divisions:

- The Administration Division, including the Commissioner and Deputy Commissioner, is responsible for department leadership and management function, while responding to tax policy questions from the Governor, Legislature, and additional stakeholders.
- Revenue Accounting and Returns Processing conducts daily bank deposits, refunds, electronic funds transfers, credit card payments, and directs all incoming mail to the department.
- Compliance supervises the appropriate payment of taxes. They foster early intervention through educational assistance for all taxpayers, to ensure that taxpayers are compliant with the law.
- Information Systems provides technological support and security for the department's data collections systems.
- Policy Outreach and Legislative Affairs (POLA), interprets and formulates state tax policy, resolves tax policy questions, and educates Vermont taxpayers, tax preparers, legislators, and business owners so they are informed and complicit with the law.
- Property Valuation and Review (PVR) supports the property tax system and related programs, while working closely with towns as they oversee taxes and programs at the local level.
- Taxpayer Services is dedicated to outreach and assistance to taxpayers, in addition to administering taxes, licensing programs, the property tax, and renter rebate programs.

Department of Information and Innovation (DII). The Department of Information and Innovation was created in 2003 to provide direction and oversight for all activities related to information technology for the state. Information Technology includes phone service, hardware, software, accessibility, and the communications and technology infrastructure for the State of Vermont. The State CIO is also the Commissioner of DII. This office has broad authority to meet the goals of the department and state as established by statute and policy. DII staff are talented and experienced IT professionals that provide their expertise across all state agencies, departments and miscellaneous other state entities.

Department of Libraries. The Vermont State Librarian is appointed by the Secretary of Administration, with the approval of the Governor, and serves as the chief administrator of the Department of Libraries. The State Librarian:

- Sets vision and direction for the Department of Libraries (VTLIB)
- Administers the state strategic plan and the 5-year federal [Library Services & Technology Act \(LSTA\) plan](#)
- Prepares and administers the VTLIB budget
- Serves as Secretary of the [Vermont Board of Libraries](#)
- Serves as President of the [Vermont Public Library Foundation](#)
- Serves as the Department's primary liaison with national library organizations, including [Chief Officers of State Library Agencies](#) (COSLA) and the [Institute of Museum and Library Services](#) (IMLS)
- Collaborates with government, library, and non-profit organizations on issues of public policy related to library service to citizens, literacy, broadband and emerging technologies, economic development, workforce development, open access to information and intellectual freedom, the arts and humanities, lifelong learning, and healthy children and families.

Key functions of SOA.

Monthly Revenue Press Release Reports. The Secretary of Administration issues a monthly press release regarding the status of the State's General, Transportation and Education Fund revenues. These reports include the preliminary actual revenues reported for the current fiscal month, and fiscal year to date, as of the press release date; small changes in the revenue results may occur after the press release date. The reports compare the results to the consensus revenue targets for the fiscal month and year-to-date, as well as the prior fiscal year to date. Receipts are reported for: all General Fund receipts; the non-dedicated receipts for the Transportation Fund; and the non-property tax portion of the Education Fund.

Emergency Board Economists' Consensus Revenue Forecasts. The Vermont Emergency Board (E-Board), established under 32 V.S.A. §131, is composed of the Governor and the Chairpersons of the Legislature's four (4) "money committees," Senate Appropriations, Senate Finance, House Appropriations, and House Ways & Means Committees. The State's Emergency Board officially adopts revenue forecasts for certain major funds in January and July of each year, in accordance with 32 V.S.A. §305(a), or in the interim, as necessary. These revenue forecasts include projected receipts for the General Fund, the non-dedicated components of the Transportation Fund, and the non-property tax components of the Education Fund. The forecast is based on the joint recommendations, as reported to the E-Board, by the State's two economists - one each representing the Administration and the Legislature. This forecasted revenue is referred to as Consensus Revenue Forecast or the Current Law Revenue.

Emergency Board Meeting Notices & Minutes. The State's Emergency Board officially adopts revenue forecasts for certain major funds in January and July of each year, in accordance with 32 V.S.A. §305(a), or in the interim, as necessary.

Fiscal Transparency. The Agency of Administration is committed to openness and transparency, with a focus on outcomes. SPOTLIGHT.vermont.gov is the State's primary fiscal transparency and performance accountability website.

Interagency Committee on Administrative Rules (ICAR). 3 V.S.A. Chapter 25 is the “Vermont Administrative Procedure Act” or APA. Originally adopted in 1968, this chapter governs the process for adopting administrative rules.

Members of this committee are appointed by the governor from the Executive Branch and serve at the governor’s pleasure. The Secretary of the Agency of Administration, or his/her designee serves as chair of the committee. (see Executive Order 04-010 for details).

The duties and responsibilities of the Committee shall include review of existing and proposed rules of agencies designated by the Governor for style, consistency with the law, legislative intent, and the policies of the Governor. The Committee shall make reports and recommendations concerning programs and activities of designated agencies subject to this chapter. Currently the committee meets once a month and the Deputy Secretary of Administration has historically served as the Chair.

Blue Ribbon Commission on Financing High Quality, Affordable Child Care (the Commission). Created through Act 58, the Commission is comprised of Administration Officials, community members, business leaders, and organization stakeholders. Statutorily slated to operate from September 2015 to November 2016. The Commission has been charged with investigating current funding and long-term financing options for high quality, early child care and education programs in Vermont. Jessica Blackman is the Administrator and has an office in the Agency of Administration.

Key Issues for Transition Management.

The SOA is the liaison between the Shumlin Administration and the Governor-Elect’s transition team. With the help of the Governor’s office and the extended cabinet, AoA has prepared a 2016 Briefing Memorandum for the Governor-Elect, which includes instructions, contacts and information necessary to establish a transition office, understand the structure of state government and prepare for inauguration and the beginning of the Governor-Elect’s first term. In addition to that general guidance, the Briefing Memorandum contains transition memoranda prepared by each secretary and commissioner in the current administration for their successors to ensure to the greatest extent possible the smooth transition of government, with the least impact to continuing services, for the good of the people of Vermont. Those memoranda describe the mission, structure and key ongoing priorities and issues for each of the agencies and departments across state government, and each contains an executive summary of the most important ongoing priorities and issues identified by current secretaries and commissioners for the incoming transition team. Among those priorities and issues, AoA recommends the following items for briefing the incoming transition team because of their policy significance, fiscal impact and/or administrative exigency.

2018 Money Bills: Budget, BAA, Capital Bill, Fee Bill, Miscellaneous Tax Bill and Pay Act. The State Budget, Budget Adjustment, Fee Bill, the Pay Act and as of FY2018, the Capital Bill, are managed by the Department of Finance and Management. Commissioner Pallito and his team have each of these processes in motion, and we will be able to begin briefing you on the status of those preparations as early as the week of 11/14. The Miscellaneous Tax Bill is prepared by the Department of Taxes in consultation with Finance and Management. That process necessarily follows the appropriations bills, but we should be able to begin briefing key issues by the end of the month. *Key Contacts:* Trey Martin, Andy Pallito, Mary Peterson.

Status of State Revenues, Budget Pressures and Financial Audits. General Fund, Education Fund and Transportation Fund receipts are reported by the SOA on a monthly basis, and we will be able to begin briefing you on the current status of revenues, revenue pressures and budget pressures as part of the general briefing on the money bills. In addition, we would like to schedule a separate briefing on the status of the

state's financial audits, which are due by the end of the calendar year. *Key Contacts:* Trey Martin, Andy Pallito, Brad Ferland.

Status of Collective Bargaining; Process for Bargaining. A major responsibility of the SOA is managing the collective bargaining process on behalf of state agencies for the nearly 8,000 state employees. We would like to schedule a briefing before the end of the calendar year to review with you the various bargaining units and the status of bargaining with each. *Key Contacts:* Trey Martin, Michael Clasen, Tom Cheney.

Capital Plan for State Offices, Status of Major Projects and Debt Affordability. As part of the Capital Bill Briefing, we will provide an overview of major ongoing capital projects, but we would like to provide an additional briefing regarding the overall plan for management, maintenance and future changes to the state's capital footprint across Vermont. *Key Contacts:* Trey Martin, Michael Clasen, Brad Ferland, Mike Obuchowski

Health Care Reform: AHS budget and pressures, Global Commitment for Health, Vermont Health Connect and All Payer Model. Budget pressures associated with health care reform are the most complex and demanding aspect of the 2018 Budget and BAA. We recommend scheduling a separate meeting to understand the history of health care reform, status of current priorities and the costs associated with continuing down the course charted by this Administration versus the costs associated with changing course. *Key Contacts:* Trey Martin, Andy Pallito, Hal Cohen, Sarah Clark.

Managing the Opiate Crisis. Fiscal and administrative pressures associated with Vermont's opiate crisis have had an impact across state government and state agency budgets. This briefing will define the extent of that impact, investments and programmatic initiatives currently underway and future needs. *Key Contacts:* Trey Martin, Andy Pallito, Hal Cohen, Ken Schatz.

Transportation Funding. The annual Transportation Budget is approximately \$600 million. In order to meet the standard "a state of good repair" would require an additional \$240 million annually. While we have been managing this system with this existing shortfall for some time, the interstate system is showing signs of age and significant investments need to be made to the structures. *Key Contacts:* Andy Pallito, Chris Cole.

Vermont Clean Water Act and Funding Report. The Vermont Clean Water Act (Act 64 of 2015) established a Clean Water Fund to provide financial support for actions that will reduce pollution discharging into Vermont's waters. When the Clean Water Fund was created, it was created for three years only, funded through a surcharge on the property transfer tax. The Fund sunsets on July 1, 2018. A briefing would highlight the long-term funding and financing options for clean water under consideration by ANR and the Office of the Treasurer. *Key Contacts:* Trey Martin, Alyssa Schuren, Beth Pearce.

PFOA Crisis, Drinking Water Threats, Chemicals Regulation and Contingency Funding. The State's ongoing response to the discovery of PFOA in over 250 drinking water wells in Bennington County has not only required thousands of staff hours at ANR, Health and other agencies, but investments from the State and responsible parties to offset the cost of clean drinking water for affected households. A key ongoing issue between the state and responsible parties is who will pay for clean municipal water lines to reach those impacted homes, as those costs be several million dollars. Partly in response to the PFOA crisis, the General Assembly tasked ANR (Act 172 of 2016) with leading a stakeholder group to identify options for protecting the health and wellbeing of Vermonters through stronger chemicals regulation. A report detailing those options is under development and will be filed with the GA by the end of 2016. *Key Contacts:* Trey Martin, Alyssa Schuren.

Working Lands, Tourism and the Recreation Economy. The current Administration has invested significant time and energy through the Agencies of Natural Resources, Agriculture and Commerce and Community Development to develop a sophisticated cross agency focus on supporting our working landscape (agriculture and wood products); enhancing opportunities for outdoor recreation; and attracting out-of-state visitors to ski, mountain bike, hunt, fish, hike and visit our state parks. There are over 80 million people living within five hours drive of Vermont, presenting a great opportunity to enhance revenues from those visits. *Key Contacts:* Trey Martin, Michael Snyder, Jolinda LaClair.

Clean Energy and Climate Change. The most pressing environmental issue of our time is climate change. While some of the impacts of our changing and warming planet will take decades to reach Vermont, we are already experiencing the impacts of changed precipitation patterns, higher than average rainfall and severe storm events that lead to flooding. The current Administration convened an inter-agency Climate Cabinet to meet at least quarterly to guide investments in avoidance and mitigation measures, inform disaster preparedness planning and drive the state's Clean Energy Plan, which has the goal of 90% renewable energy by 2050. A briefing in the next several weeks could focus on upcoming opportunities and key CEP milestones. *Key Contacts:* Deb Markowitz, Chris Recchia, Jon Copans.

Act 46 Implementation. Act 46 is driving school consolidation activity across the State of Vermont (nearly 60 school districts have consolidated already, and ten more merger proposals are expected by January). This is not only an administrative and logistical challenge to manage, but there will likely be legislative activity affecting Act 46 in the upcoming session. We recommend a briefing to understand the fiscal impacts of this consolidation activity, likely legislative challenges and other opportunities / risks for implementation. Overall, spending on education approaches \$2 billion, the largest single sector of the budget besides health care. *Key Contacts:* Rebecca Holcombe, James Pepper.

Higher Education and Universal Pre-K Funding. Funding for higher education represents a significant line item in the State's General Fund budget (roughly \$100 million). Potential costs associated with extending universal access to daycare pursuant to Act 166 of 2016 could also be very significant (more detail will be provided in an upcoming report from the Governor's Blue Ribbon Commission). We recommend a separate briefing during our conversations about the 2018 money bills to identify risks and opportunities within these budgets for these obligations. *Key Contacts:* Trey Martin, Andy Pallito.

Security for State Employees. The safety of state employees is of the utmost importance. Following the tragic death of a state employee in August, 2015 the Agencies of Administration and Human Services have collaborated an action plan to maintain safety and security for state employees in their places of work. There are a number of different options for executing this plan and funding impacts associated with those choices, which we would like to lay out as part of our discussion of the 2018 Capital Bill. *Key Contacts:* Trey Martin, Michael Clasen, Mike Obuchowski.

Listing of Routine Activities of Secretary of Administration's Office

Cross-State Government Roles. The Secretary of Administration, as the Chief Operating Officer for the State of Vermont, directs, coordinates and requires collaboration between all Agencies and Departments of Vermont State Government.

SOA Contracts – Bulletin 3.5. The SOA issues the Bulletin which is essentially the State's procurement policy which must be followed by the Executive Branch. The Constitutional offices have generally adhered to the policy. Currently the SOA is required to sign off on a variety of contracts that meet certain thresholds. The policy was updated in July 2016. Budget Analysts from the Department of Finance and

Management provide recommendations to the SOA for review and approval. The Deputy Secretary of Administration (DSOA) has historically handled the majority of the contracts, consulting with the SOA on an as needed basis, most recently on sole source contract requests. Many of the approvals are processed in an electronic signature application.

Agency of Administration Staff Meetings. The SOA regularly convenes group (at least monthly) AOA staff meetings for the Commissioners of the Departments within the AOA. In addition, weekly individual meetings are scheduled with each Commissioner as needed.

Cabinet and Extended Cabinet Meetings. The SOA, in coordination with the Chief of Staff, chairs, schedules and sets the agendas for monthly Cabinet meetings and every other month Extended, Cabinet meetings. Cabinet meetings are held in the Gov's 5th Floor Conference Room and Extended Cabinet meetings are held in the Gov's 4th Floor Conference Room.

Joint Fiscal Committee Meetings. JFC meetings are held quarterly and are coordinated by the staff of the Joint Fiscal Office. A large portion of each agenda requires AOA, specifically Finance and Management, preparation and participation.

Weekly Reports. The SOA office requires weekly reports from each Department within the Agency. The DSOA edits and the Executive Assistant forwards the edited version to the GOV's staff and the SOA receives both the edited and unedited versions.

Contacts Outside State Government. The SOA routinely receives requests to meet with business and corporate executives, economic advisors, lobbyists, mayors, and the press to discuss issues related to, or that impact, state government.

ERP System. The State's Enterprise Resource Planning systems include VISION and VTHR statewide applications. The DSOA conducts monthly meetings with Agency staff to oversee and troubleshoot ERP system issues.

VISION. The name of the state's statewide accounting system. All bills are paid out VISION which is managed by the Department of Finance and Management. Employee expense reimbursement requests are approved and processed within VISION.

VTHR. The name of the state's human resource management system. All HR functions including recruitment, hiring, promotions/demotions, time sheet reporting and approving and terminations are managed within this system.

Out of Country and Out of State Travel Approval. The SOA office approves, or rejects, all out of state travels requests for all Cabinet level positions and all out of country travel requests for all state employees.

Time sheet approval. SOA office signs off biweekly in VTHR on all time sheets for all Governor staff, SOA senior staff and all Cabinet level positions. DSOA currently handles this task. SOA signs off biweekly on the DSOA's time in VTHR.

Expense reimbursement approval. SOA office, has been DSOA, signs off in VISION on all expenses (travel and mileage) for all Cabinet level positions.

Public Information Requests. The SOA office frequently receives PIRs for a variety of data and information. Historically we have worked with the GOV's General Counsel in coordinating and fulfilling these requests. All requests are logged in a statewide database.

GAR. Governor's Authorized Representative – as it relates to Federal FEMA the SOA is the GAR and the DSOA is the Alternate GAR. Essentially signature authority for the Governor for FEMA related matters.

Governor's Emergency Preparedness Advisory Council. SOA is a member of this committee which is coordinated through the Lieutenant Governor's Office with the Division of Emergency Management and Homeland Security at the Department of Public Safety.

Clean Water Fund Board. Per Act 64 of 2015, SOA administers Clean Water Fund and Chairs Clean Water Fund Board which is attached to AOA for administrative support. The Board recommends to the SOA expenditures from the fund, which is primarily made up of revenues from the surcharges to the Property Transfer Tax.

Pre K Council. Per 16 VSA § 2905, (a) A Prekindergarten-16 Council (the "Council") is created to help coordinate and better align the efforts of the prekindergarten-12 educational system with the higher education community in order to increase: (1) postsecondary aspirations; (2) the enrollment of Vermont high school graduates in higher education programs; (3) the postsecondary degree completion rates of Vermonters; and (4) public awareness of the economic, intellectual, and societal benefits of higher education. The SOA ensures statutory and other duties are fulfilled by certain members of the Council. There is also a Higher Education Subcommittee of the Council, of which the SOA is a member.

SIU – Specialized Investigative Units. Authorized under 24 VSA § 1940, and the SOA is a member of the Board. Meetings, which are coordinated by the Department of State's Attorney's and Sheriffs are held several times per year and have been attended by the DSOA.

Web Portal Board. Authorized under 22 VSA § 950, and the SOA is a member of the Board. Meetings are coordinated by the Department of Information and Innovation and have been attended by the DSOA. The State Auditor's Office recently published a performance review of the duties of the Board.

Health Insurance Rates for State Employees. Managed by staff from HR, requires sign-off and approval from SAO and typically happens in fall of each year.

Salary approvals for Exempts. All salary increases for Exempt employees must be approved by the SOA.

Risk Management Settlements. Bill Duchac from Division of Risk Management (within AOA) occasionally sends email to SOA requesting permission to settle legal claims against the State of Vermont. Bill works in concert with the Attorney General's Office and he currently has authority to settle claims under \$50,000 without coming to the SOA. Currently all settlements over \$50,000 must be approved by the SOA.

Code of Ethics. In accordance with Executive Order No. 09-11, Executive Code of Ethics, every gubernatorial appointee as defined therein, who earns \$30,000 or more per year, shall fill out and file this questionnaire annually on or by June 30, with the Secretary of Civil and Military Affairs. This questionnaire is treated as a confidential personnel document pursuant to 1 V.S.A. § 317(c)(7) and kept as such during the gubernatorial administration in which the appointee serves, or for one year after the appointee leaves office, whichever occurs first. "Appointee" means any exempt employee or any member of any public body appointed

by or upon the approval of the Governor, or by or upon the approval of such an appointee. These questionnaires are generally sent out each year by the Governor's Secretary of Civil and Military Affairs.

COOP (Continuity of Operations Plans). COOP planning is currently managed by BGS Security. Each Agency and Department is required to maintain an up to date COOP plan with accurate contact information. This is an area which requires more attention and oversight.

Flag Lowering. Currently managed by Deb Ferrell of BGS who coordinates with Gov's and SOA staff regarding both State and Federal flag lowering mandates.

Reoccurring Monthly Meetings/Memos

January

Legislative and Budget Testimony

Governor's Recommended Language for Budget Bill

Emergency Board Meeting

Weather Conditions that Cause Delay or Closing of State Government (December through March)

Succession Planning Memo

March

Technical Letter from Finance Commissioner to HAC

May

Hot Weather Conditions

End of Session Memo

June

Emergency Board

Salary Adjustments Memo

Hot Weather Conditions

July

Political Activity Memo

Contract Management Benefits Adjustment or Extension of Benefits

August

Budget Instructions

September

Budget Instructions

October

CY Benefit Plan Rates

November

Day after Thanksgiving as a Holiday Memo