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Susanne R. Young, Secretary

MEMORANDUM

TO: **House and Senate Committees on Government Operations**
House and Senate Committees on Appropriations
CC: **Susanne Young, Adam Greshin and Brad Ferland**
FROM: **Susan A. Zeller, Chief Performance Officer**
Beth Fastiggi, Commissioner DHR
RE: **2016 Act 172 §§ F.11 and F.12**
DATE: **January 15, 2018**

This memo is in response to sections F.11 and F.12 of Act 172 (2016 session). Section F.11 requires the Secretary of Administration (Secretary) to report on programs or functions streamlined, reduced in scope or discontinued using results-based accountability (RBA) and Lean. Section F.12 of 2016 further requires the Secretary to report on Executive Branch senior level positions, including managerial and supervisory positions, that do not have direct service responsibilities which may be eliminated using RBA and Lean, and recommendations regarding State functions that should be performed by permanent State employees, rather than by temporary employees or through contracting.

A. 2016 Act 172 § F.11

Sec. F11. ADMINISTRATION; REPORT; STREAMLINING OF GOVERNMENT FUNCTIONS
(a) Annually, on or before January 15, 2017 until January 15, 2019, the Secretary of Administration shall report to the House and Senate Committees on Government Operations and on Appropriations regarding the identification of programs or functions within the Executive Branch through which the use of results-based accountability analysis and process analysis techniques such as LEAN may lead to streamlining, reduction in scope, or discontinuance of those programs or functions.

RESPONSE: The primary purpose of RBA and Lean is to improve results, make processes more efficient, eliminate waste and build programmatic capacity. Neither RBA nor Lean is intended to identify, recommend or eliminate programs or positions. A position may gain increased capacity through the elimination of inefficient or unnecessary tasks/steps in a process, as a direct result of a RBA or Lean event. The capacity gain is then used to do higher value work and eliminate backlogs. When used to eliminate backlogs, capacity gain eliminates the need for future added positions commonly requested expressly for backlog reduction; this constitutes future cost avoidance. No programs nor positions are known to have been recommended for discontinuance.

Regarding the process improvements achieved through the Administration's PIVOT (RBA and Lean) efforts, please refer to the PIVOT *TAP Projects Update 12.31.17* Report to the Governor, located in the lower right-hand corner at: http://spotlight.vermont.gov/performance-accountability.

2016 Act 172 § F.12

Sec. F12. ADMINISTRATION; REPORT; ELIMINATING SENIOR LEVEL POSITIONS; USE OF PERMANENT EMPLOYEES
(a) Annually, on or before January 15, 2017 until January 15, 2019, the Secretary of Administration shall report to the House and Senate Committees on Government Operations and on Appropriations regarding:
(1) senior level positions in the Executive Branch, including managerial and supervisory positions, that do not have direct service responsibility, and which may be eliminated as a result of the process described in Sec. F11 of this act;

RESPONSE: As noted above, neither RBA nor Lean is intended to identify, recommend or eliminate programs or positions and no positions are known to have been recommended for discontinuance as a result of the RBA/Lean processes.

Administrative steps have been taken to better manage positions, and other legislative directives have resulted in the elimination of senior level and exempt positions. In calendar year 2017, fourteen exempt and 20 classified positions were eliminated.

Thirteen exempt positions were eliminated as described in a July 21, 2017 report[1] to the Legislative Joint Fiscal Committee (attached) per Section B.1106 of Act 172 (2016) that directed the Secretary to "identify exempt positions within the Executive Branch to be eliminated." One exempt position was eliminated as result of the requirement (attached) in Section B. 1102 (a)(1) of Act 85 (2017)[2] directing the Secretary to achieve management savings, including through the elimination of exempt positions.

Additionally, 20 classified managers, supervisors and subject matter experts at pay grade 27 and above were eliminated as follows:

- As part of an annual process to update limited service positions, four positions were identified by the Department of Finance and Management to be abolished due to lack of work or lack of funding. These did not involve a Reduction in Force (RIF) as the positions were vacant.
- Two positions were inactivated due to a lack of grant funding, resulting in a RIF.
- Fourteen limited service positions were abolished in compliance with the vacancy sweep provision of 3 VSA §327, and per the Secretary of Administration July 28, 2017 directive[3] titled "Vacant Position Sweep - 6 months or more".

As a part of departmental savings for FY2018 the Department for Children and Families expects to eliminate a net of nine senior level positions that do not have direct service responsibility through a management reorganization.

[1] July 21, 2017 Report to Legislative Joint Fiscal Committee; Agenda Item C. 3. Administration's Fiscal Updates. FY17 Cost Savings [Sec. 60 of Act 3 of 2017, further amended by Sec. C. 119 of Act 85 of 2017].
[2] November 9, 2017 Report to Legislative Joint Fiscal Committee; Agenda Item B. 5. Administration's Fiscal Update/Reports. Management Savings Report [Sec. B 1102 (a)(1) of Act 85 of 2017].
[3] July 28, 2017 Secretary of Administration directive to Executive Branch Appointing Authorities regarding Vacant Position Sweep - 6 months or more.

The Secretary has directed ongoing monthly elimination of positions that have been vacant for more than six months pursuant to 3 V.S.A. § 327(b); the eliminated positions are "swept" and transferred into a vacancy pool. To effectively manage and convert vacant positions that have been swept into the vacancy pool, the Secretary formed a Position Pool Committee staffed by the Deputy Secretary of Administration, the Commissioner of Finance and Management, and the Commissioner of Human Resources. Each month, the Committee reviews organizational requests for vacant pool positions and makes recommendations to the Secretary on transferring vacant positions pursuant to 3 V.S.A. § 2222(i). Organizations requesting a vacant position from the pool must demonstrate that funding is available to pay for costs associated with the position and demonstrate the need for the position before a request will be approved.

> *and (2) any recommendations regarding State functions that should be performed using permanent State employees, rather than with temporary employees or through contracting.*

RESPONSE: Temporary positions are used in accordance with 3 VSA §331. In 2017, the Department of Human Resources (DHR) recommended additional permanent Correctional Officers and E-911 Call Taker positions based on requests from the Departments of Corrections and Public Safety. These additional positions were authorized through the Position Pilot[4] (Corrections) and vacancy pool process (Public Safety). Recommendations regarding specific temporary positions are included in a separate report, *Temporary Employees in State Government*, submitted pursuant to 3 VSA §331(c)(1).

The Position Pilot, vacancy pool process and annual review of Limited Service positions are all methods that inform the decision whether it is appropriate to use permanent state employees rather than temporary or contract employees.

For example, since July 2017, the new vacancy pool process described above has been the primary method used to covert contract or temporary positions to permanent positions by transferring and converting vacancies. For example, the vacancy pool process was used in 2017 to authorize the use of Limited Service Positions for an Agency of Digital Services project at the Department of Labor rather than hiring contractors, and to convert three temporary positions to full-time permanent positions.

At this time, the DHR Commissioner does not recommend additional functions be performed using permanent state employees rather than with temporary employees or through contracting other than those that have been requested, reviewed and authorized using the Position Pilot, vacancy pool or Limited Service processes.

[4] Authorized by Act 179, Sec. E.100(d) (2014 session), as amended by 2015 Act No. 4, Sec. 74 (2015 session), Act 172, Sec. E.100.2 (2016 session), and 2017 Act 85, Sec. E.100 - Sec. E.100.1 (2017 session).