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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 *cmj*
Beth Fastiggi, Commissioner DHR *BJ*
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 report¹ 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 directive³ 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 Pilot⁴ (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 convert 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).

Legislative Joint Fiscal Committee

Friday, July 21, 2017

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]

Sec. C.119

2016 Acts and Resolves No. 172, Sec. B.1106(b) as amended by 2017 Acts and Resolves No. 3, Sec. 70 is further amended to read:

(b) The Secretary of Administration shall reduce fiscal year 2017 appropriations and make transfers to the General Fund for a total of \$343,369. Savings in the amount of \$206,631 are included in the fiscal year 2017 budget adjustment for a total savings of \$550,000. The remaining appropriations and transfers for savings associated with positions abolished in subsection (a) of this section shall be made prior to close out of fiscal year 2017 and be reported to the Joint Fiscal Committee at the July 2017 meeting.

Summary of Transfers	
Total Reduction Required	\$550,000
Less Amount transferred through BAA	(\$206,631)
Less Additional DVHA Position	(\$20,537)
Remaining Balance	\$322,832
Less Transfer from Public Service Department	(\$100,000)
Less Transfer from Pay Act Appropriation	(\$222,832)
Remaining Balance	\$0

FY17 Cost Savings [Sec. 60 of Act 3 of 2017, further amended by Sec. C. 119 of Act 85 of 2017]

Detail of General Fund Savings by Position						
	Position Title	Department	Annual Cost	General Fund %	Months Unfunded	GF Available
1	Executive Director	DHR	\$106,815	0%	12	\$0
2	Principal Assistant	DHR	\$106,815	48%	12	\$51,090
3	Special Projects Coordinator	AHS Central Office	\$108,671	46%	6	\$24,994
4	Deputy Commissioner	DVHA	\$142,436	35%	6	\$24,926
5	Deputy Commissioner	DVHA	\$119,847	44%	12	\$52,482
6	Executive Assistant	Finance & Management	\$141,704	75%	6	\$53,139
7	Program Director	AHS Central Office	\$135,838	0%	5	\$0
8	General Council II	VT Health Access	\$147,810		5	\$20,537
9	Administrative Asst.	DCF	\$73,381	0%	6	\$0
10	General Council I	Tax*	\$96,336	100%	4	\$0
11	Telecom Connectivity Mgr.	Public Service Department	\$114,893	0%	5	\$0
12	Telecom Connectivity Coord.	Public Service Department	\$97,000	0%	6	\$0
13	Senior Policy & Legal Advisor	Public Service Department	\$123,000	\$0	12	\$0
	Total		\$1,514,546			\$227,168


*Incumbent transferred to vacant unbudgeted classified position retaining same salary



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Susanne R. Young, Secretary

To: Executive Branch Appointing Authorities
From: Susanne R. Young, Secretary of Administration 
Date: July 28, 2017
Subject: Vacant Position Sweep – 6 months or more

The Secretary of Administration is required by 3 V.S.A. § 327(b) to eliminate classified positions as defined by 3 V.S.A. § 311 that have been vacant for a period of 6 months or more. These long term vacant positions will be transferred to the position pool in keeping with past practice. The statewide position pool is managed by the Secretary of Administration with the assistance of the Department of Human Resources (DHR).

The purpose of the position pool is to better manage positions within the statewide position cap established by the Legislature and to provide flexibility in maximizing the use of authorized positions. With a robust position pool available to agencies and departments, after formal request and approval, there is no need to hold vacancies for extended periods of time. As of today, there are 10 positions in the position pool while approximately 180 positions in various departments have been vacant more than 6 months. The transfer, or “sweep,” of positions will replenish the pool to meet current and upcoming position needs in various departments.

Effective immediately, DHR will identify all positions vacant for six months or more, that were not under recruitment as of July 27, 2017, and begin the process of transferring them from departments to the position pool. Moving forward in FY2018, positions will be monitored on a regular basis and transferred as they reach the 6-month vacancy mark. Funding associated with positions transferred to the position pool will be addressed on a case by case basis managed through your Finance and Management Budget Analyst.

It is not possible to verify all positions under active recruitment on a given date in our current recruitment system. As a result, DHR may transfer positions with valid job offers in place, or that have otherwise not been processed in VTHR, and appear as vacant. For these positions, please work with your HR Manager to notify Commissioner Fastiggi that these positions are not subject to transfer.

To request that an existing position that has been transferred in this sweep be reinstated, please complete Section 1 of the attached form. To request a new position from the position pool, please complete the attached form in its entirety.

A “Position Pool Committee,” made up of the Commissioner of DHR, the Commissioner of Finance and Management, and the Deputy Secretary of Administration, will review position requests on a regular basis and will meet with representatives of the requesting agencies and departments. The review will be comprehensive and will include a cost analysis, core responsibilities and the strategic priorities of the agency or department.

On behalf of the Human Resources and Finance teams, thank you very much for your assistance in this process.

