Public Safety Spending in Vermont

Chart 1: Vermont FY 2017 Expected Public Safety Expenditures, $574 Million

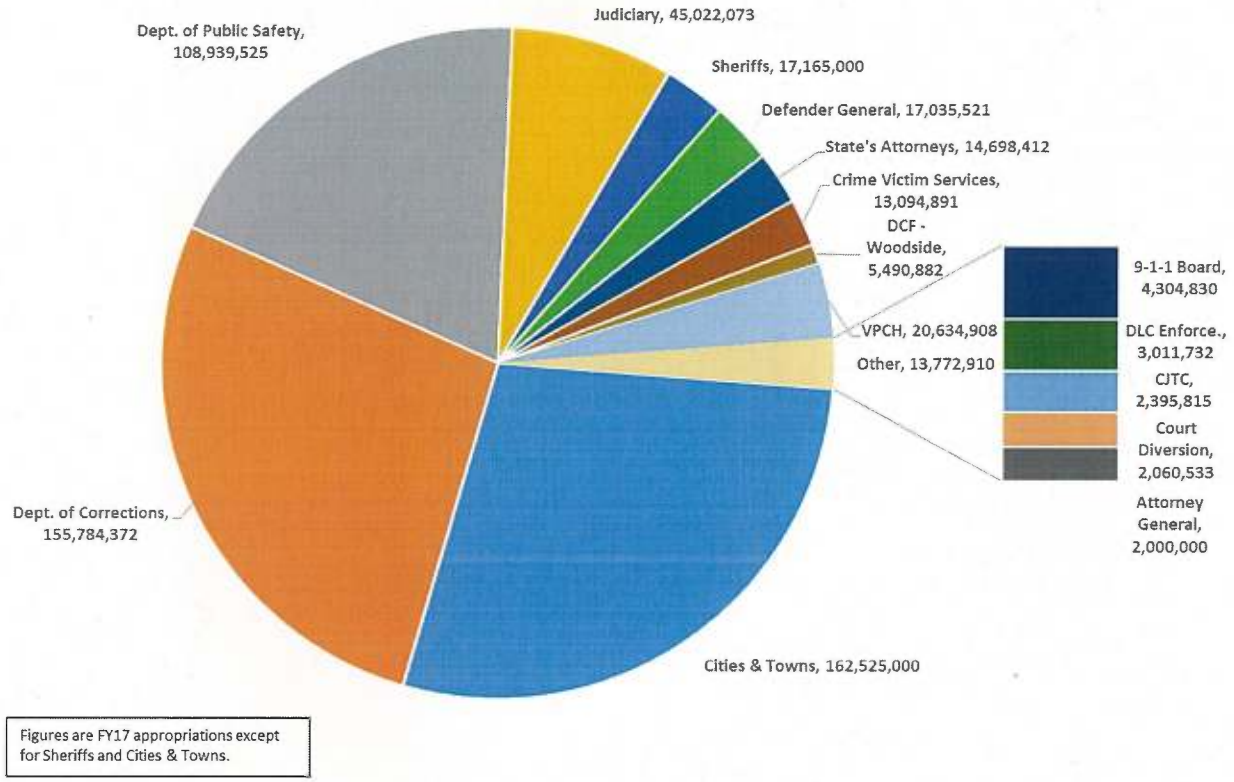


Chart 1 includes the various components of the $574 million dollars in public safety appropriations or expenditures expected for fiscal year 2017.[2] [3] State of Vermont public safety appropriations (excluding federal funding sources and cities and towns) have steadily increased, rising from an inflation-adjusted $252 million in FY2001 to an expected $381 million in FY2017, a 51 percent increase, or a 2.6 percent compound annual growth rate (CAGR).[4] [5] The graph and charts below show inflation-adjusted changes in aggregate State appropriations over time, and

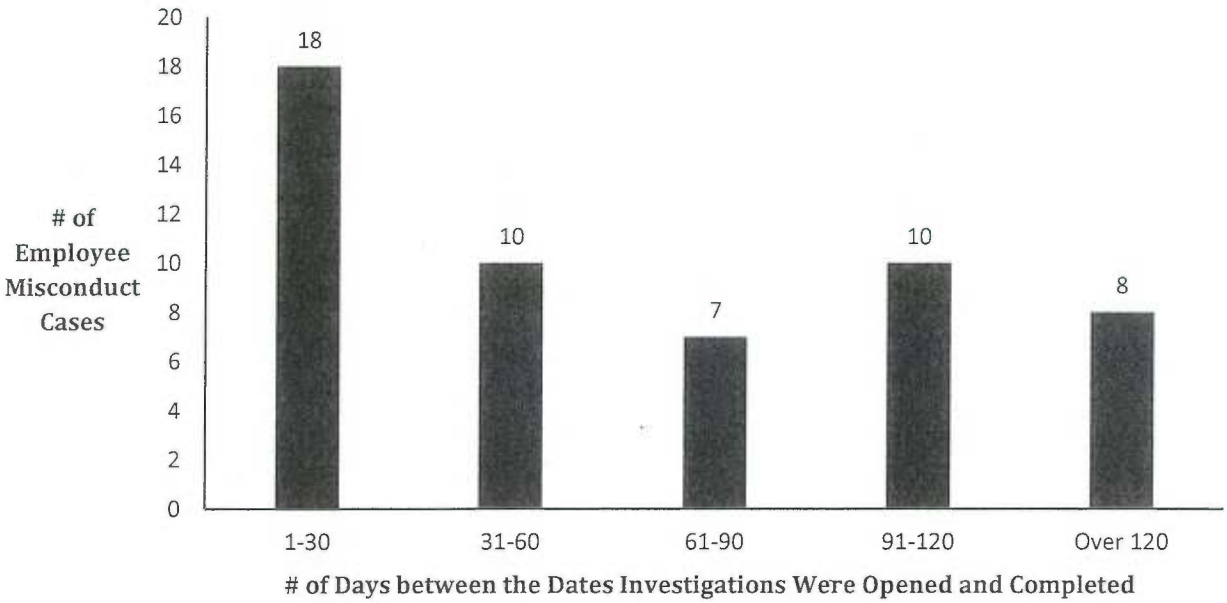
2 VPCH shown in pie chart above refers to the Vermont Psychiatric Care Hospital.

3 Graph 1 and Chart 1 calculated from aggregated appropriations budgets from the Vermont Legislative Joint Fiscal Office, available here. Expenditures are adjusted for inflation using BEA implicit price deflator, which is the ratio of the current-dollar value and its corresponding chained-dollar value, multiplied by 100.

4 Ibid.

5 The scope of this analysis did not allow for a more detailed review of interdepartmental funds. Some interdepartmental funds may originate from public safety entities included in this analysis, while other interdepartmental funds may originate from entities not included in this analysis.

Figure 1: Number of Investigations Completed within 30 Calendar Day Increments for Test Cases[a]



[a] The number of misconduct cases in this figure totals 53 because reports were not issued for two investigations, so the time to investigate could not be calculated.

According to the AHS IU investigators, there were a variety of internal and external factors why investigations took longer than 60 days. In seven cases, investigators cited work on other cases as the reason why investigations took longer than 60 days. The complexity of the case and/or the addition of new allegations were other internal factors cited by the investigators. External factors cited included that the employee was involved in a criminal case, the investigator was awaiting the completion of another case, or that the subject or witness was not available for part of the investigation period (e.g., was on medical leave).

Objective 3: Decision-Making Process for Resolving Misconduct Cases Often Lacked Documentation and Sometimes Took Months

Appointing authorities and designees have several ways to resolve misconduct cases, including deciding that the allegation was unsubstantiated, imposing disciplinary action, or agreeing to a stipulated agreement. If an AA

reports.[28] In 24 of the 50 cases (48 percent), the investigation completion time exceeded the 60-day target in the January 2015 protocol. Twelve of the cases (24 percent) were completed within half the 60-day period while ten of the cases (20 percent) took more than twice as long, or over four months. Figure 1 shows the number of test cases in 30-day increments from the open date to the completion date. Because these cases were judgmentally chosen, these results cannot be projected to the universe of misconduct cases.

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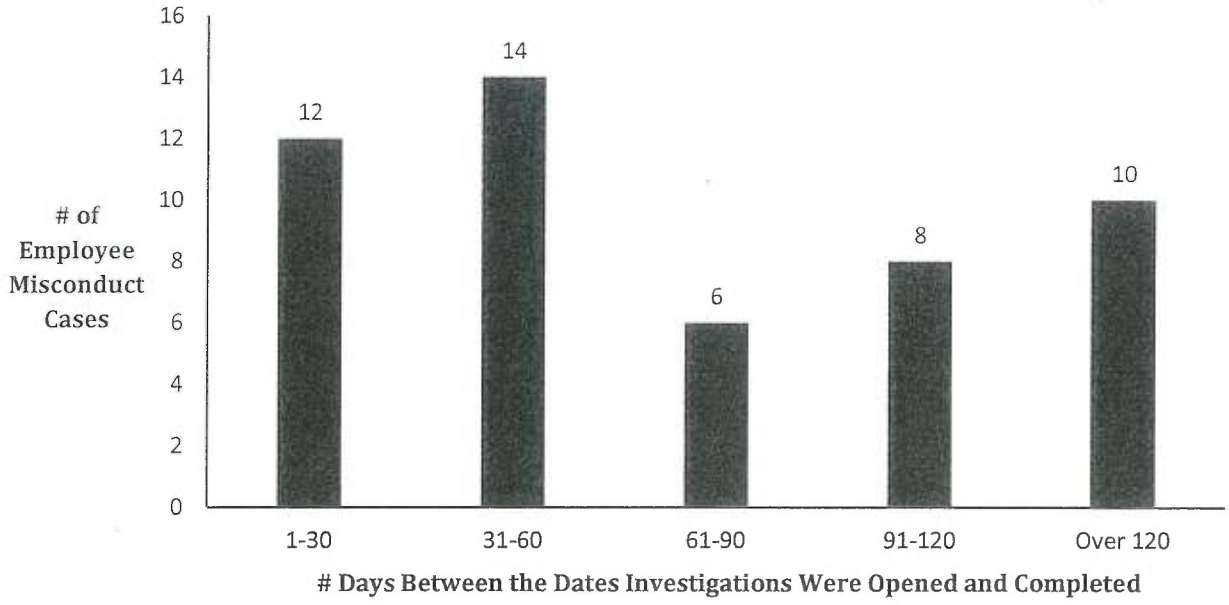
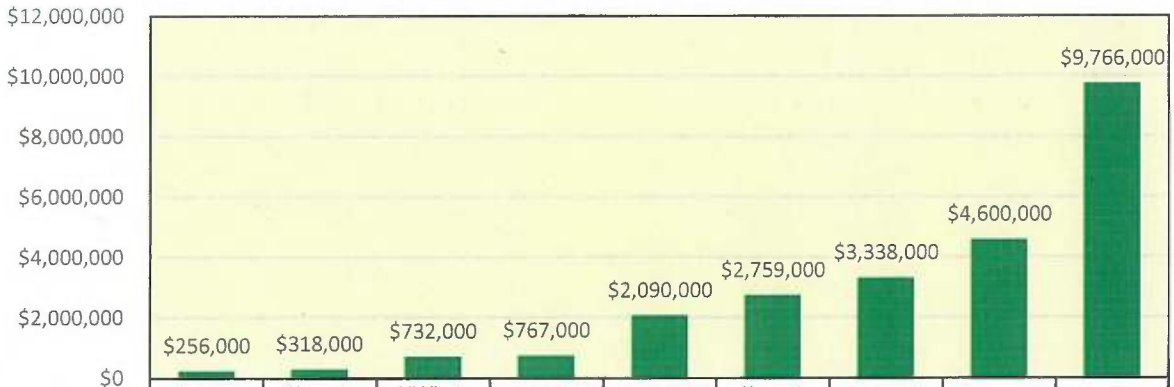


[a] The number of misconduct cases in this figure totals 50 because the investigation time could not be determined in the remaining cases due to lack of documentation.

Investigators at the DHR IU could not explain why investigations were taking longer than its 60-day target, stating that each case had unique circumstances. According to an HR manager, a variety of internal and external factors explain why investigations took longer than 60 days, such as the subject of the investigation being unavailable or having a pending criminal case.

[28] One report was not dated, so we used the date contained in the DHR IU SharePoint® site.

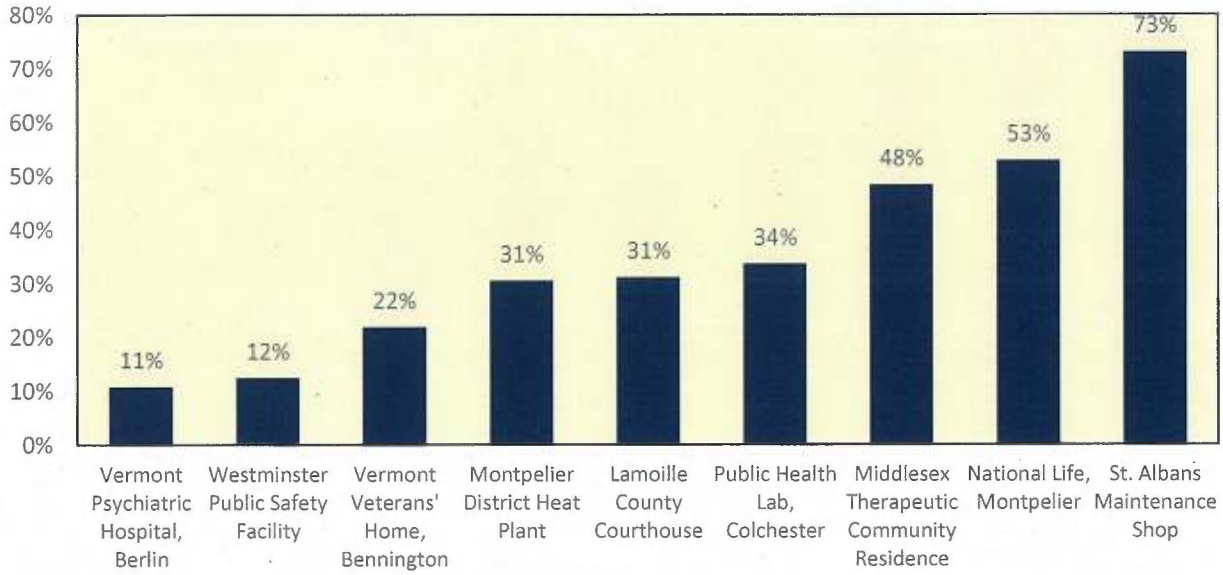
Figure 2: Cost Overrun for Nine BGS Capital Projects (rounded to thousands)[a]



	St. Albans Maintenance Shop	Vermont Veterans' Home, Bennington	Middlesex Therapeutic Community Residence	Westminster Public Safety Facility[b]	Lamoille County Courthouse[b]	Vermont Psychiatric Hospital, Berlin	National Life, Montpelier	Montpelier District Heat Plant	Public Health Lab, Colchester[c]
Initial Estimated Cost	$350,000	$1,450,000	$1,514,000	$6,150,000	$6,700,000	$25,456,000	$6,311,000	$15,050,000	$29,000,000
Excess Over Estimate	$256,000	$318,000	$732,000	$767,000	$2,090,000	$2,759,000	$3,338,000	$4,600,000	$9,766,000

[a] Commencing in 2014, BGS staff costs were allocated to capital projects. These costs were excluded for purposes of this analysis because some of the projects were completed prior to 2014 and did not have staff costs allocated to them.
[b] Over $200,000 in payments were made after June 30, 2016 and were added to actual cost for this analysis.
[c] The State had planned to co-locate the health lab with the Department of Public Safety's forensic lab at Building 617, a former IBM facility in Essex. Net costs of $7.6 million for Building 617 were separately accounted for by BGS. None of these costs were attributed to the project to construct the Public Health Lab in Colchester. See Table 2 for additional information.

Figure 3: Percent Cost Overrun for Nine BGS Capital Projects[a]



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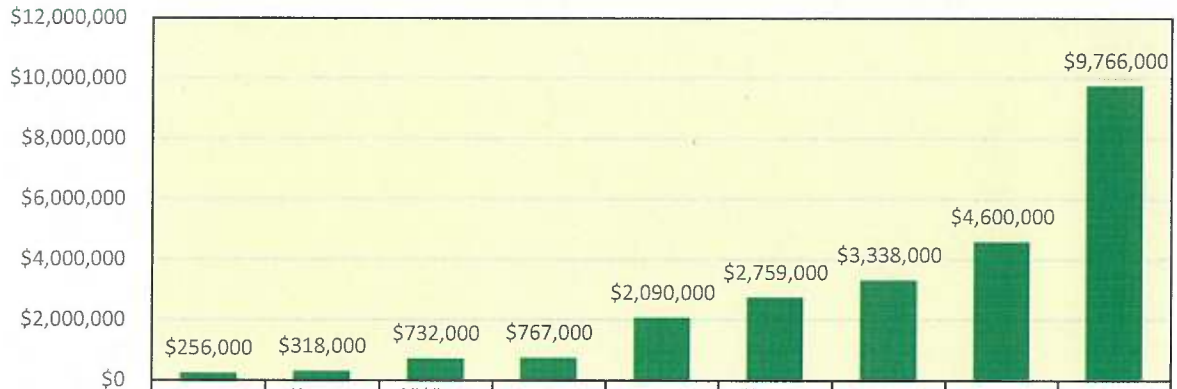

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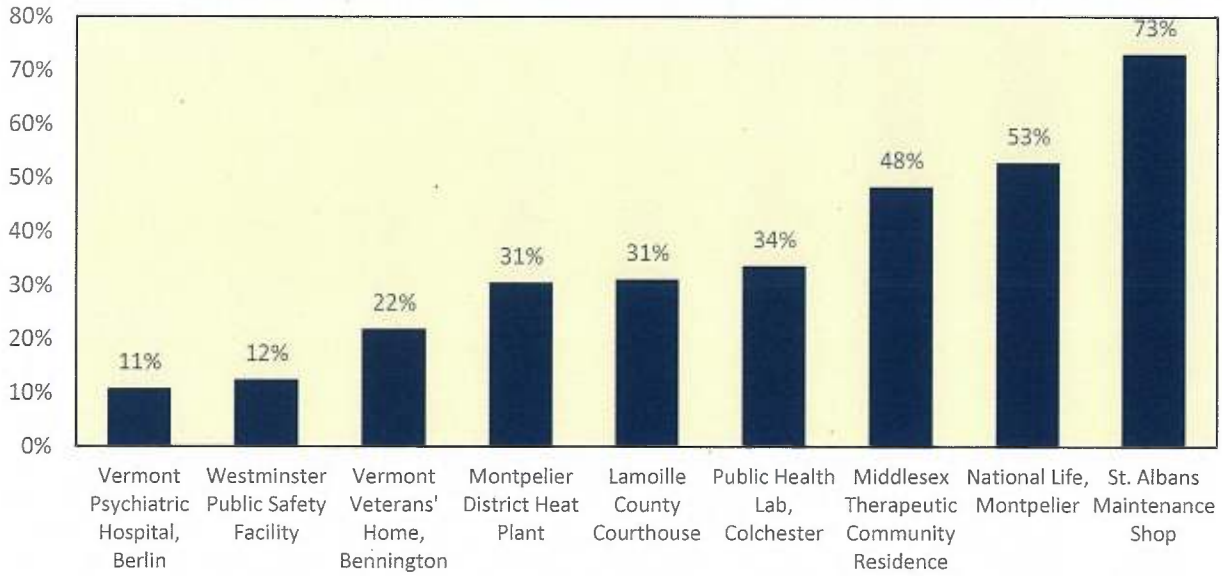

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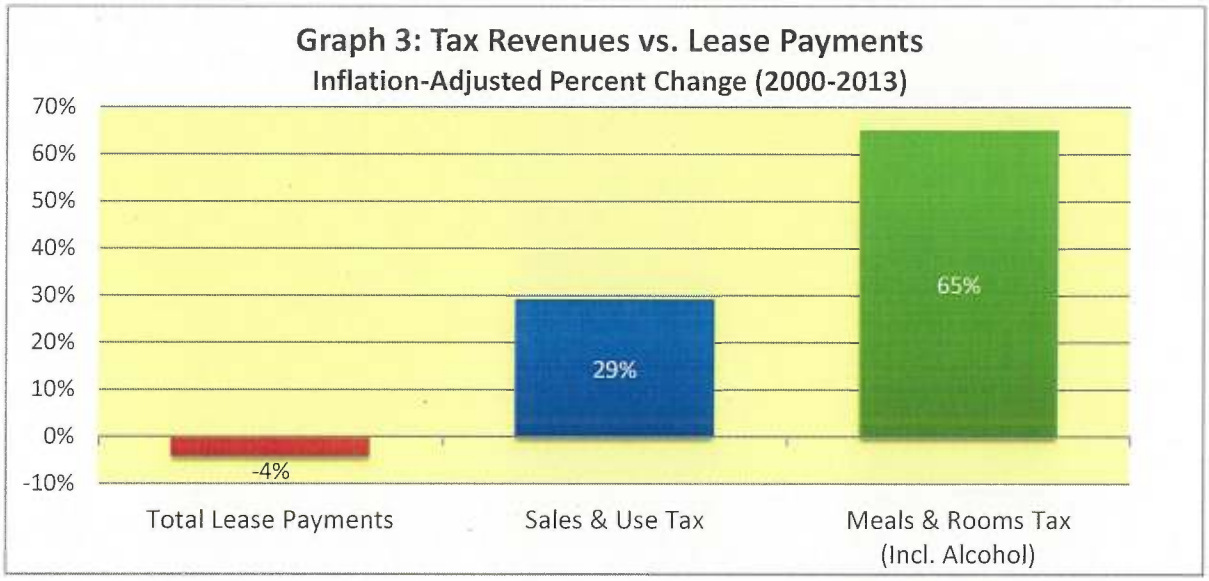
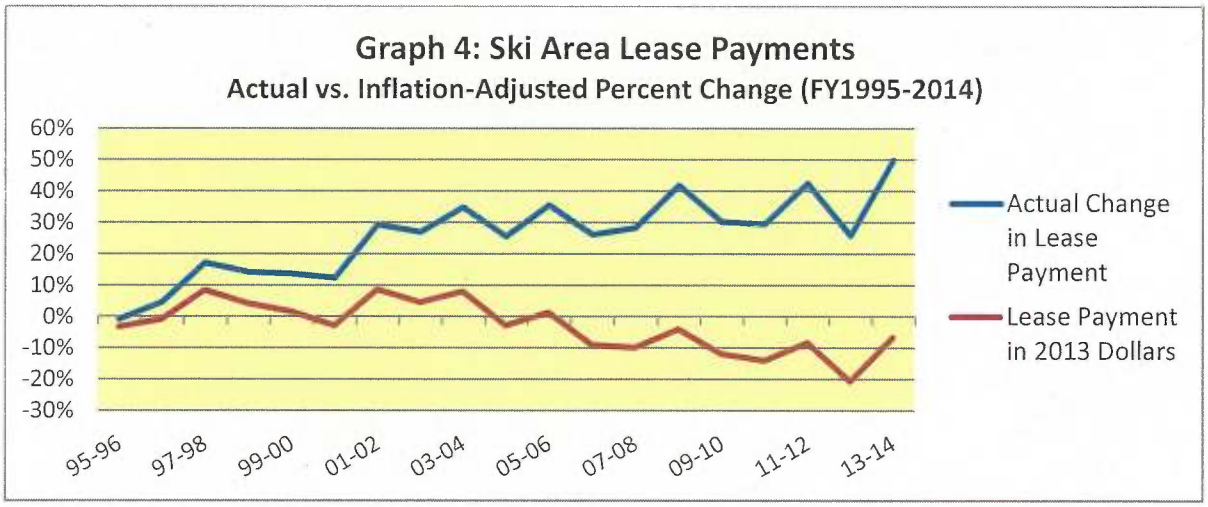
Lease Payments

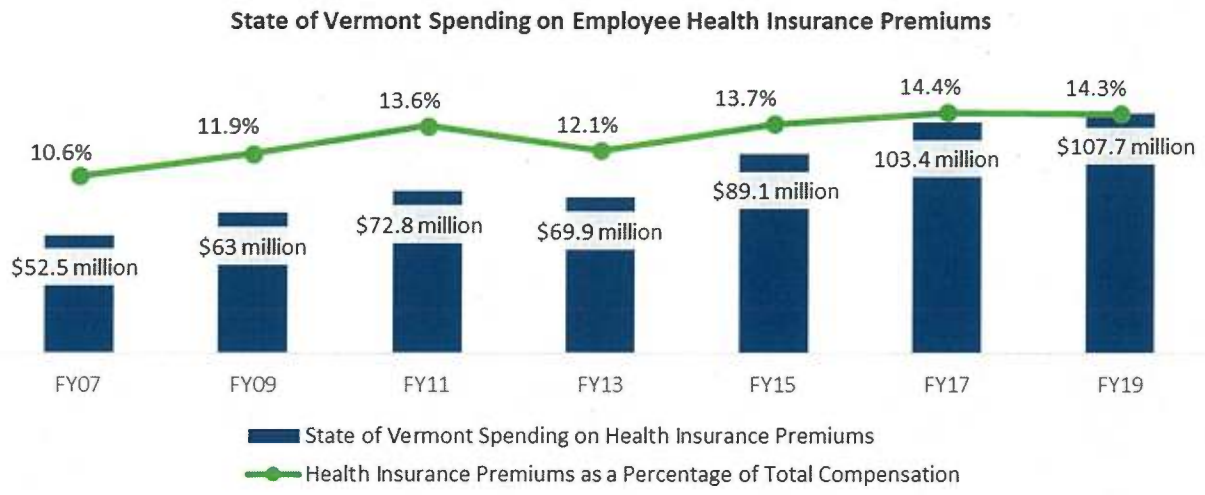
To contextualize the lease payments over time, we compared them with other indicators of the resorts' development. The central finding of this section is that revenues from lease payments did not keep pace with the main development indicators we trended against. The resorts' excise taxes, sales of goods and services, and property values all outpaced lease payment growth over the years analyzed. Graph 3 shows how lease payments compared to tax revenues when adjusted for inflation. The Vermont Tax Department aggregated these tax figures for the lessees and certain subsidiaries.[24]



From 1995 to 2014, the resorts' total lease payments to the State grew from $1.9 million to $2.9 million annually, which represents a 50% increase. Adjusted for inflation, however, aggregate lease payments declined by 7% (see both trends in Graph 4).



[24] The SAO used excise tax and sales data for the period of 2000 to 2013 because 2013 was the most recent year the data were available, and the Tax Department does not have reliable data for these tax types prior to 2000.


State of Vermont Spending on Employee Health Insurance Premiums
10.6%
11.9%
13.6%
12.1%
13.7%
14.4%
14.3%
$52.5 million
$63 million
$72.8 million
$69.9 million
$89.1 million
103.4 million
$107.7 million
FY07
FY09
FY11
FY13
FY15
FY17
FY19
State of Vermont Spending on Health Insurance Premiums
Health Insurance Premiums as a Percentage of Total Compensation

DOC's approach also entails a risk that it could be relying on financial reports that are generated by systems or internal control processes that have weaknesses. For example, during our walkthroughs of controls related to pharmacy supplies at three correctional facilities, we found a weakness in how CCS controls their unused and expired medications. At all three facilities, at least once a month unused and expired medications were returned to the primary pharmacy subcontractor[16] (see Figure 4 for a picture of a box of medications to be returned to the pharmacy subcontractor). This process reduces DOC's costs because in certain circumstances, the pharmacy subcontractor will credit CCS invoices for returns.[17]

Figure 4: Box of Medication in Blister Packs at the Chittenden Regional Correctional Facility To Be Returned to Pharmacy Subcontractor

CCS's policy states that medications placed in the box for return to the pharmacy subcontractor should be documented on a return form. CCS health service administrators (HSAs) noted that the return form was created when the box was full and ready to be returned. However, none of the facilities tracked what went into the box while awaiting return. As a result of this control weakness, we could not validate that all unused and expired medications were returned as intended, which indicates that there is a risk that DOC's costs were not being adequately reduced by the subcontractor's return process. Moreover, there is a risk that medications could be diverted.

[16] This process does not apply to controlled substances (e.g., narcotics), which are sent to a subcontractor for disposal.

[17] Under the current pharmacy supply subcontract, credit is issued for returned pharmacy items that are reusable under applicable federal and state laws and regulations. For example, credit is issued on full, unopened manufacturer's unit-dose packaged medications and full, unopened commercially pre-packaged bulk containers.