



H.233 - An Act Relating to Requirements for State-funded grants – Agency of Administration

April 2, 2025



OVERVIEW

1. Secretary of Administration – Administrative Guidance & Context
2. Specific Feedback on H.233

TYPES OF GUIDANCE

1. Administrative Bulletins
2. Finance & Management Policies – including VISION procedures
3. Executive Branch Directive Memos
4. Human Resources Personnel Policies & Procedures

Administrative Bulletins

1. The Secretary of Administration is responsible for issuing, rescinding and maintaining Administrative Bulletins under the authority granted in 3 V.S.A § 2222a(2)
2. Multiple categories of bulletins
3. <https://aoa.vermont.gov/bulletins>

§ 2222. Powers and duties; budget and report

(a) In addition to the duties expressly set forth elsewhere by law, the Secretary shall:

(1) As principal administrative aide to the Governor, plan, organize, direct, control, integrate, coordinate, and supervise all functions and programs of the Agency and its departments and divisions.

(2) With the approval of the Governor, issue general policy statements and general rules and regulations applicable to the Executive Branch of the State government to implement executive orders or legislative mandate...

Bulletin 5 – Grant Issuance and Monitoring

1. Establishes general policy and standards for issuing and monitoring grant awards issued by the State of Vermont – both state and federally funded
2. All grants must be issued, tracked and monitored by state agencies to ensure the proper use and protection of taxpayer resources in conformity with law, federal uniform guidance and in accordance with the terms of the grant
3. Updated on **July 1, 2024** to align with updated federal uniform guidance and to incorporate 2024 legislative discussion. OMB last updated Uniform Guidance in October 2024
4. Related procedures accompany bulletin – templates, pre-award eligibility, single audit review, grant payments, indirect cost rate
5. https://aoa.vermont.gov/sites/aoa/files/documents/Bulletin_5_Updated_07-01-24.pdf

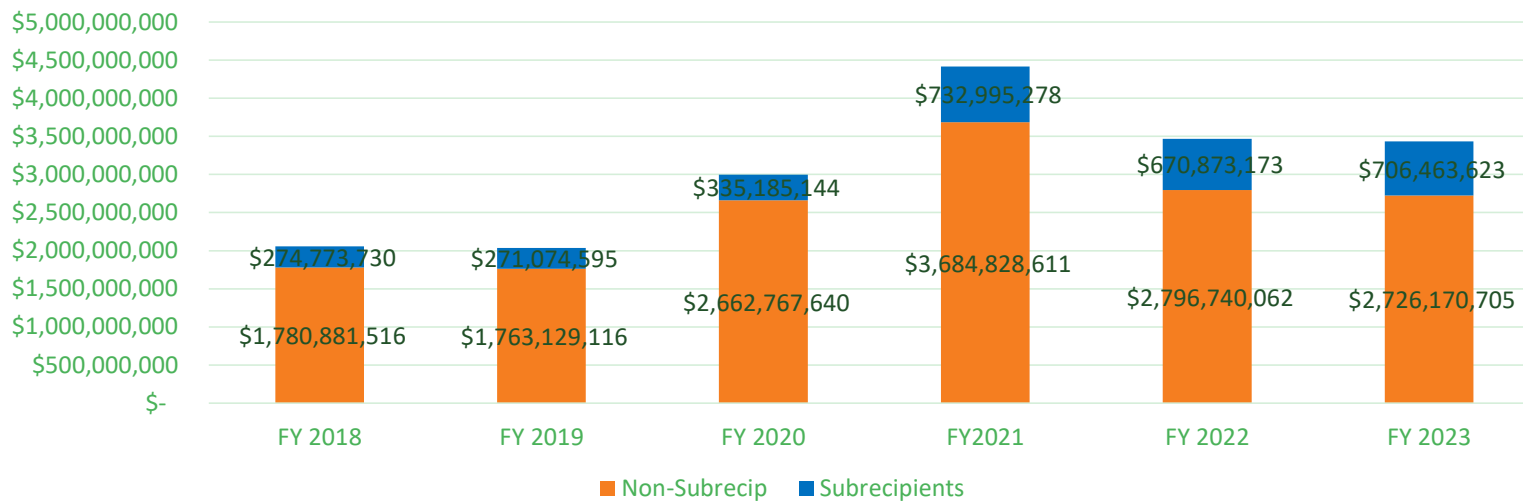
Bulletin 5 Updated in July 2024 Including

1. Clarified and expanded indirect cost rate calculation language (section 6.10 of Bulletin 5) (also created FIN policy #11 Indirect Cost Rate Proposal Review)
2. Updated federal language of Bulletin 5 to accurately reflect the Guidance of Federal Financial Assistance (previously Uniform Guidance) update effective 10/1/2024.
3. Updated entire document with modern accessible language and formatting and added hyperlinks throughout the document to all relevant state policy, state procedures, state forms/documents, federal forms, federal websites, and federal policies.
4. [Updated Bulletin 5 Procedures](#) #1-3, Standard Grant Agreement Part 1, Standard Grant agreement Part 2, Subrecipient vs Contractor Form, sample risk assessment, as well as Finance and Management Policies # 1, 2, 8, 9, and 11 (new). Provided training on updated bulletin and associated policies

Grants in Vermont

1. Last year – there were roughly 12,000 active grants across state government
2. Federal funding had increased significantly since the pandemic but is more uncertain now
3. Annual grant data is available on [Spotlight](#) – Vermont’s transparency website

Schedule of Expenditures of Financial Awards – Federal Spending



Indirect Costs Rates in VT State Government

1. Vermont follows [Guidance for Federal Financial Assistance](#). As such, the State of Vermont is required to use one of the following methods for federal subawards (page 30 in [Bulletin 5](#)):
 - a. Federally approved indirect cost rate or
 - b. Federal de minimis rate (currently 15%) or
 - c. Rate negotiated with the State pass-thru entity
2. The de minimis rate is a federal rate. There is no Vermont-specific de minimis rate. Bulletin 5 allows state fund grant recipients to draw indirects using one of the above indirect rate methodologies
3. Bulletin 5 was updated in **July 2024** to align with Federal Uniform Guidance (2 CFR 200) and raised the de minimis from **10% to 15%**. This applies to all state, federal (with award dates on or after 10/1/2024), and hybrid funded awards (same rules as federal).
4. Finance and Management [Policy #11](#) – released in July 2024 – provides more details on indirect cost rates and process to establish
5. OMB last updated Uniform Guidance in October 2024. Bulletin 5 was updated in July 2024.

Prompt Payment & Payment Terms

Prompt Payment:

Prompt payment:

- The requirement for payment within 30 days already exists within Agency of Administration guidance
- [Finance and Management Policy #5 – Payment Terms](#)
- The current policy has been in place since June 2008 with an update in 2013
- In fiscal years 2022 to 2024, 97.8% of grant payments across state government were made within 30 days

Payment Terms:

- Advanced partial payments are currently allowed per Bulletin 5 and federal uniform guidance but are limited to the minimum amounts needed and should be made in amounts that minimize time elapsing between the disbursement of funds and the functions provided by the grant
- Done in accordance with a risk assessment and must be tightly managed and monitored
- If can't meet terms, must be reimbursement based

H.233 - SECTION BY SECTION CONSIDERATIONS

Section 1– Grant Applications, Indirect Rates

Indirect Rates:

- Indirect Rate approval process exists in Bulletin 5
- Bulletin 5 was updated on July 2024 to clarify the process
- Department of Finance & Management [Policy #11](#) – Indirect Cost Rate Review and Approval was issued as a companion policy to Bulletin 5
- Allows for indirect rates higher than de minimus

Section 2 – Prompt Execution of Grant Agreements, Payments

Timing of Execution:

- Difference between competitive grant and pass-thru programs - competitive grant programs take more time
- Sec. 2 (a)(1)(B) – verbal notice is not an auditable form of communication. Should be written communication.

Prompt Payment

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- [Finance and Management Policy #5 – Payment Terms](#)
- The current policy has been in place since June 2008 with an update in 2013
- Sec. 2(b)(2) – concern about administrative burden of written explanation for delay
- Sec. 2(c) – concern about administrative burden of reporting, purpose of reporting
- Sec. 2 (d) – Secretary of Administration updates Bulletin 5 as needed

Section 3 – Working Group on State Grant Processes

Considerations:

- Membership
- Goals of the working group – much is already established in existing policy and bulletin
- Language blends grants and contracts – contracting is governed by a different bulletin - 3.5
- Pulls out the Agency of Human Services – comprised of six departments and central office
- Payment options are informed by risk assessment – advance payments require further review and management
- State and federal indirect rates are currently the same
- Resource constraints of the Agency of Administration - Secretary's Office