



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: August 4, 2011
Subject: Grant Requests

Enclosed please find four (4) requests that the Joint Fiscal Office has received from the administration.

JFO #2513 — \$1,201,250 grant from the U.S. Department of Labor to the Vermont Department of Labor. These funds will be used to employ 75 unemployed Vermonters in the running of a temporary relief program for victims of the April 2011 flooding.

[JFO received 7/22/11]

JFO #2514 — Fee request from the Board of Medical Practice. The proposed fee would cover the cost of credit card processing related to online licensing of Vermont doctors. The Board of Medical Practice has worked with the Department of Information and Innovation and the Vermont Information Consortium to develop this system.

[JFO received 7/25/11]

JFO #2515 — \$500,000 grant from Maidstone Rehold, LLC to the Vermont Department of Fish and Wildlife. These funds will be used to conduct a GPS-based bear study to evaluate the impact of the Deerfield Wind Project on bear habitat.

[JFO received 7/25/11]

JFO #2516 — \$248,800 donation from Maidstone Rehold, LLC to the Vermont Department of Fish and Wildlife. This amount represents the value of three parcels of land (3.14 acres) being donated.

[JFO received 7/25/11]

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by August 18 we will assume that you agree to consider as final the Governor's acceptance of these requests.



JFO 2514

State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

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

Jeb Spaulding, Secretary

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jeb Spaulding, Secretary of Administration
DATE: July 25, 2011
SUBJECT: Board of Medical Practice Proposed Fee Structure for Credit Card Payment Processing Related to Online Licensing

Attached is a request for Joint Fiscal Committee and Legislative approval of the Board of Medical Practice's proposed fee structure for credit card payment processing related to online licensing.

The Board of Medical Practice (BMP) has worked with the Department of Information and Innovation and the Vermont Information Consortium to develop an online licensing system for doctors. The current process is extremely paper and resource-intensive. Licensing forms are manually filled out. Licensees then add whatever payment is required, and mail the result to the Board. The Board then receives the letter, processes the payment, retypes the information on the form into their database, issues the license and mails it back to the business.

DII has worked for the past year with VIC, Cavu and the BMP and together they are preparing for launch of the online service later this Fall. In order to make it easier for doctors to license and renew their licenses online, BMP has decided to allow for credit card payment processing through VIC's Common Checkout application.

The TPE Common Checkout Page enables BMP to request payment from their customers without building, hosting, and maintaining a payment page within their environment. This service provides several advantages including ease of integration to applications, PCI compliance, and a common look and feel for payment activities regardless of the application origin. This payment service will integrate seamlessly with the Cavu licensing software which can be accessed from the Board's website.

The additional funding for ongoing use of the service will be payable to VIC by the licensees through a 2.2% enhanced access fee on the transaction amount to cover overhead expenses, including credit card processing, plus \$3/transaction to fund customer service, PCI compliance, and application security.

The Web Portal Board and the Governor have approved this fee.

In accordance with 22 V.S.A. § 953 (c)(2): The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.

Thank you for your consideration.

cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

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

Jeb Spaulding, Secretary

July 11, 2011

The Honorable Governor Peter Shumlin
Pavilion Building
Montpelier, Vermont 05602

Dear Governor Shumlin:

In 2006, the Department of Information and Innovation (DII) entered into a contract with Vermont Information Consortium (VIC), which provides development and hosting services for the Vermont.gov web portal. The web portal includes sites that are primarily informational in nature, and is financed through an assessment of fees on a growing number of sites that process certain types of transactions. An example of a transaction based site that includes fees is the Department of Motor Vehicles vehicle registration site.

When the State web portal was created in statute, a two-step process was put in place for approval of sites that include fees. The Web Portal Board, made up of a number of agency and department officials and two members of the Legislature, meet to consider proposals that are first vetted by DII. If the Web Portal Board approves the fee structure, the next step is for the Governor's office to present the board's action to the Joint Fiscal Committee with a request for approval. The Joint Fiscal Committee then acts to review and approve or reject the actions of the board.

DII has worked for the past year with VIC, Cavu and the Board of Medical Practice (BMP) to bring online professional licensing to Vermont doctors. We are preparing for launch of the online service in Fall 2011. In order to make it easier for doctors to license and renew their licenses online, BMP has decided to allow for credit card payment processing through VIC's Common Checkout application.

The TPE Common Checkout Page enables BMP to request payment from their customers without building, hosting, and maintaining a payment page within their environment. This service provides several advantages including ease of integration to applications, PCI compliance, and a common look and feel for payment activities regardless of the application origin. This payment service will integrate seamlessly with the Cavu licensing software which can be accessed from the Board's website.

The Web Portal Board met July 5th, 2011 and approved the proposed fee structure for this system. During the 2010 session the Legislature created a new process for gaining the Joint Fiscal Committee's approval of fees. Therefore, this letter is submitted in accordance with this new process. The new process is as follows:

(1) All such charges (following approval by the Web Portal Board) shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

July 11, 2011

Page 2

- (A) the costs, direct and indirect, for the present and future years related to the charge;
- (B) the department or program which will utilize the charge;
- (C) a brief statement of purpose;
- (D) the impact on existing programs if the charge is not accepted.

For this project these are:

(A) With regard to this new process and the fees associated with the development of the payment system, we submit the following for your consideration:

The additional funding for ongoing use of the service will be payable to VIC by the licensees through a 2.2% enhanced access fee on the transaction amount to cover overhead expenses, including credit card processing, plus \$3/transaction to fund customer service, PCI compliance, and application security.

(B) This system is being built for the Board of Medical Practice.

(C) Current Process:

The current process is extremely paper- and resource-intensive. Licensing forms are manually filled out. Licensees then add whatever payment is required, and mail the result to the Board. The Board then receives the letter, processes the payment, retypes the information on the form into their database, issues the license and mails it back to the business.

Future Online Process:

This service provides several advantages including ease of integration to applications, PCI compliance, and a common look and feel for payment activities regardless of the application origin. This payment service will integrate seamlessly with the Cavu licensing software which can be accessed from the Board's website.

(D) If this service is rejected the Board will not be able to take advantage of the benefits of the self service model. The Board will either not be able to accept online payments or will have to contract with another vendor to create a payment environment that meets the state's security standards including PCI compliance. The new vendor would also need to work with Cavu to achieve integration with the existing application. This would add time and complexity to the project and mean that payment processing would not be ready for the launch of the main service.

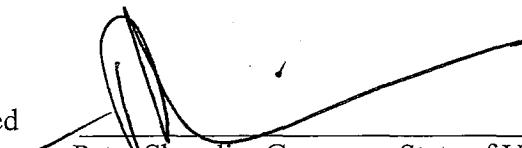
Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal Office, so they may take the next steps to help us continue to create a modern eGovernment system for the State of Vermont.

Respectfully Submitted,



Michael Clasen, Chairperson of the Web Portal Board

Approved



Peter Shumlin, Governor, State of Vermont

Department of Health
Board of Medical Practice
108 Cherry Street - PO Box 70
Burlington, VT 05402-0070
healthvermont.gov

[phone] 802-657-4220
[toll free] 800-745-7371
[fax] 802-657-4227

Agency of Human Services

July 1, 2011

CIO Richard Boes
Chair, Vermont Web Portal Board
Department of Information and Innovation
133 State St. 5th Floor
Montpelier, VT 05633

Dear CIO Boes:

I am writing to request your support for a new online service for payment processing with the Vermont Information Consortium (VIC). The Vermont Board of Medical Practice (BMP) has recently elected to include the option of on-line payment processing in its new eLicensing web portal that is being developed with the assistance of the contractor CAVU.

Currently, the BMP business administrator processes all payments manually and is able to accept only check, cash, or money orders for payment of licensing fees. Those payments are submitted bi-weekly to the business office within the Vermont Department of Health for additional processing into the proper account. The tracking system for these payments is cumbersome and time consuming, and it is difficult to compile financial reports in a "real-time" environment. The on-line payment system through VIC will dramatically improve internal business operations by allowing administrators to access and track the most recent financial transactions and deliver financial reports in a timely manner. It will also allow external customers the option of paying required fees electronically in a secure, web-based environment using credit cards.

VIC and the BMP have actively collaborated with the CAVU eLicensing team to ensure this on-line service will be available when our system "goes live," and the service that VIC will be providing to the BMP will be a great improvement if it is approved. It is our hope that the Web Portal Board will approve the service as it will improve our service to customers while at the same time making payment processing more efficient and secure.

Thank you for your consideration of this request.

Sincerely,



David K. Herlihy
Executive Director

Cc: Jamie Gage, VIC





SERVICE NAME:	Medical Licensing - Payment Processing
AGENCY/DEPARTMENT:	Medical Practice Board
FUNDING:	2.2% of the transaction amount, plus \$3/transaction

Service Overview:

The Board of Medical Practice (BMP) has been working with VIC and Cavu to bring online professional licensing to Vermont doctors for the past year, and preparing for launch of the online service in Fall 2011. In order to make it easier for doctors to license and renew their licenses online, BMP has decided to allow for credit card payment processing through VIC's Common Checkout application.

Future Process:

The TPE Common Checkout Page enables BMP to request payment from their customers without building, hosting, and maintaining a payment page within their environment. This service provides several advantages including ease of integration to applications, PCI compliance, and a common look and feel for payment activities regardless of the application origin. This payment service will integrate seamlessly with the Cavu licensing software which can be accessed from the Board's website.

Service Financial Expectations:

Upfront development of the service will be done by Cavu and VIC jointly, and funded by a one-time cost of \$17,500 payable by the Board of Medical Practice (\$15,000 to Cavu). The additional funding for ongoing use of the service will be payable to VIC by the licensees through a 2.2% enhanced access fee on the transaction amount to cover overhead expenses, plus \$3/transaction to fund customer service, PCI compliance, and application security.

Revenue

Although there won't be a mandate at present to use the service, we expect that adoption will be relatively high, beginning at 50% for the 1st year, 60% for the 2nd year, and 70% by the 3rd year. Since the 2.2% transaction fee is largely collected to cover overhead, the net revenues on this service will be collected through the enhanced access fee of \$3. With approximately 1500 doctors licensing annually, we expect revenues of approximately \$4500, \$5400, and \$6300 for Years 1, 2, and 3 through 5 respectively.

Expenses

Anticipated project management, development, and initial training costs for the Common Checkout application are covered by the one-time fee, and ongoing expenses for the service are handled through the self-funded model. However, estimated market costs for hosting, support, and maintenance are estimated at \$4680 annually.



Table 1: Estimated Costs – Years 1-5

VIC hours	Year 1	Year 2	Years 3-5
Project Management	40		
Development/Design/Testing	100		
Agency Support & Training	10		
Total Hours	150		
Subtotal (blended rate - \$125/hr.)	<i>*included in one-time setup fee</i>	\$ 0	\$ 0
Hosting, Maintenance & Support	\$4,680	\$4,680	\$4,680
Estimated VIC Team Cost** (cost avoidance to the state)	\$4,680	\$4,680	\$4,680

** One-time costs not factored into estimated VIC team costs because of one-time funding paid by BMP.*

*** The self-funded model does not include additional resource hours or fees associated with overall portal maintenance and system administration, billing & invoicing, and other cost-of-sale related expenses.*

Table 2: Estimated VIC Revenue/Expenses - Years 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
Forecasted Fees Collected	\$ 4500	\$ 5400	\$ 6300	\$ 6300	\$ 6300
Estimated VIC Team Costs	\$ 4680	\$ 4680	\$ 4680	\$ 4680	\$ 4680
Projected Cumulative Cashflow	\$ (180)	\$ 540	\$ 1440	\$ 2340	\$ 3240