



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee members
From: Daniel Dickerson, Fiscal Analyst
Date: April 6, 2015
Subject: Grant Request #2749, #2750, #2751, #2752, #2753, #2754, #2755

Enclosed please find seven (7) items that the Joint Fiscal Office has received from the administration.

JFO #2749 – \$2,928,051 grant from the Federal Emergency Management Agency to the Vermont Department of Public Safety. These funds will be used to provide Federal disaster assistance in response to the December 2014 winter storm affecting Addison, Chittenden, Essex, Franklin, Lamoille, Orange, Orleans, Rutland, Washington and Windsor Counties.
[JFO received 3/24/15]

JFO #2750 – \$849,360 grant from the Federal Emergency Management Agency to the Vermont Department of Public Safety. These funds will be used for hazard mitigation projects to mitigate future problems identified during May 2013 flooding in Andover, Berlin, Eden, Ludlow, Richmond, Springfield, Weathersfield, West Windsor and Vermont Energy Education Program (VEEP) locations.
[JFO received 3/24/15]

JFO #2751 – \$288,574 grant from the Federal Emergency Management Agency to the Vermont Department of Public Safety. These funds will be used for hazard mitigation projects to mitigate future problems identified during May 2013 flooding in Baltimore, Cabot, Cambridge and Proctor.
[JFO received 3/24/15]

JFO #2752 – \$128,488 grant from the Federal Emergency Management Agency to the Vermont Department of Public Safety. These funds will be used for hazard mitigation projects to mitigate future problems identified during May 2012 flooding in St. Johnsbury.
[JFO received 3/24/15]

JFO #2753 – \$155,817 grant from the Federal Emergency Management Agency to the Vermont Department of Public Safety. These funds will be used for hazard mitigation projects to mitigate future problems identified during May 2011 flooding in Rutland City.
[JFO received 3/24/15]

JFO #2754 – \$169,100 grant from the Northern Border Regional Commission (NBRC) to the Agency of Commerce and Community Development (ACCD). These funds will be used to create digital parcel data of towns in the northern border region. This grant was originally awarded to the Vermont Center for Geographic Information (VCGI), which has subsequently sent a request to NBRC to name ACCD as the grantee in anticipation of the transition of VCGI into ACCD.

[JFO received 3/24/15]

JFO #2755 – \$9,000 grant from the Sears Consumer Protection Education Fund to the Vermont Attorney General. This grant will be used to fund a three month pilot project to assess the impact of posting a warning advertisement on Google to guide Vermont consumers away from sites offering illegal high-interest loans.

[JFO received 3/31/15]

In addition to the above grants, the Administration has also submitted a pre-spending notification (AA-1PN) for \$14,000 that has been spent for filling a limited-service position to perform work in anticipation of a large grant from the Natural Resource Conservation Service (NRCS) for the Regional Conservation Partnership Program (RCPP). The position is within the Department of Environmental Conservation.

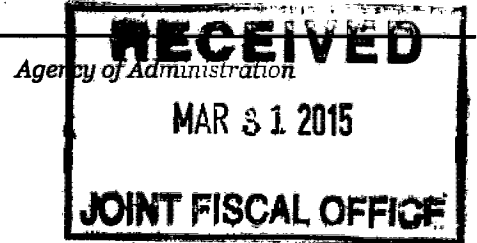
Please review the enclosed materials and notify the Joint Fiscal Office (Daniel Dickerson at (802) 828-2472; ddickerson@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by April 20, 2015 we will assume that you agree to consider as final the Governor's acceptance of these requests.



JFO 2755

State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401

[phone] 802-828-2376
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STATE OF VERMONT
FINANCE & MANAGEMENT GRANT REVIEW FORM

Grant Summary: The purpose of this grant is to fund a three month pilot project to assess the impact of posting a warning advertisement on Google to guide Vermont consumers away from sites offering illegal high-interest loans.

Date: 3/24/2015

Department: Office of the Attorney General, Public Protection Division

Legal Title of Grant: Sears Consumer Protection Education Fund

Federal Catalog #: N/A

Grant/Donor Name and Address: The Sears Committee, Sears Consumer Protection and Education Fund, c/o One Ashburton Pl., Boston, MA 02108-1698

Grant Period: From: 2/20/2015 To: 2/20/2016

Grant/Donation \$9,000.00

	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$9,000	\$	\$	\$9,000	

Position Information:	# Positions	Explanation/Comments
	0	

Additional Comments:
Has Vantage budget detail been reviewed and reconciled? Yes No HC (Analyst Initial)

Department of Finance & Management	3/25/15	(Initial)
Secretary of Administration	3/24/15	(Initial)
Sent To Joint Fiscal Office		Date



STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION					
1. Agency:					
2. Department:		Office of the Attorney General			
3. Program:		Public Protection Division Consumer Protection Unit / Consumer Assistance Program			
4. Legal Title of Grant:		Sears Consumer Protection Education Fund			
5. Federal Catalog #:		N/A			
6. Grant/Donor Name and Address: The Sears Committee Sears Consumer Protection and Education Fund c/o One Ashburton Pl. Boston, MA 02108-1698					
7. Grant Period:		From: 2/20/2015	To: 2/20/2016		
8. Purpose of Grant: The purpose of the grant is to fund a 3-month pilot prevention project to assess the impact of posting a warning advertisement on the Google search engine to guide Vermont consumers away from internet sites offering illegal high-interest loans.					
9. Impact on existing program if grant is not Accepted: No impact					
10. BUDGET INFORMATION					
	SFY 1	SFY 2	SFY 3	Comments	
Expenditures:	FY 2015	FY	FY		
Personal Services	\$	\$	\$		
Operating Expenses	\$9,000	\$	\$		
Grants	\$	\$	\$		
Total	\$9,000	\$	\$		
Revenues:					
State Funds:	\$	\$	\$		
Cash	\$	\$	\$		
In-Kind	\$	\$	\$		
Federal Funds:	\$	\$	\$		
(Direct Costs)	\$	\$	\$		
(Statewide Indirect)	\$	\$	\$		
(Departmental Indirect)	\$	\$	\$		
Other Funds:	\$	\$	\$		
Grant (source Sears Grant)	\$9,000	\$	\$		
Total	\$9,000	\$	\$		
Appropriation No:	2100001000	Amount:	\$9,000		
			\$		
		Total	\$9,000		

MAR 11 2015

STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

Has current fiscal year budget detail been entered into Vantage? Yes No

PERSON INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.


Appointing Authority Name: _____ Agreed by: _____ (initial)

12. Limited Service Position Information:	# Positions	Title
Total Positions		

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.

13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):

Signature: 	Date: 3-9-15
Title: Chief Assistant Attorney General	
Signature: _____	Date: _____
Title: _____	

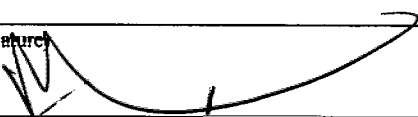
14. SECRETARY OF ADMINISTRATION

Approved: _____ (Secretary or designee signature) Date: 03/24/15

15. ACTION BY GOVERNOR

Accepted Rejected

Check One Box:

(Governor's signature)  Date: March 27, 2015

16. DOCUMENTATION REQUIRED

- Required GRANT Documentation**
- | | |
|---|---|
| <input checked="" type="checkbox"/> Request Memo | <input type="checkbox"/> Notice of Donation (if any) |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input checked="" type="checkbox"/> Notice of Award | <input type="checkbox"/> Request for Extension (if applicable) |
| <input type="checkbox"/> Grant Agreement | <input type="checkbox"/> Form AA-1PN attached (if applicable) |
| <input type="checkbox"/> Grant Budget | |

End Form AA-1

(*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).

The Sears Committee
Sears Consumer Protection and Education Fund
c/o One Ashburton Place
Boston, Massachusetts 02108-1698

February 19, 2015

By Certified Mail

Janet Murnane, Director
Consumer Assistance Program
Vermont Attorney General's Office
146 University Place, UVN
Burlington, VT 05405

Re: Grant from the Consumer Protection and Education Fund


Dear Ms. Murnane:

On behalf of the Special Committee administering the Consumer Protection and Education Fund, enclosed please find a check for **\$9,000.00**.

This grant is made pursuant to the terms and conditions contained in the Special Committee's August 9, 2013 letter to you, acknowledged by you, and further is governed by the November 14, 1997 Order of the Suffolk Superior Court in civil action number 97-4139A, Commonwealth of Massachusetts v. Sears, Roebuck and Co. (contained in your application materials).

Thank you for your participation in the efforts of the States Attorneys General to promote consumer education and protection. We look forward to the quarterly reports of your progress on the grant project. For reporting purposes, the grant year officially begins February 20, 2015. Quarterly reports are due every 3 months, with the first report due May 20, 2015. Subsequent quarterly reports will be due August 20, 2105; November 20, 2015; and February 20, 2016. Any remaining monies are to be returned **within 30 days** of the end of the 4th quarter, so on or before March 20, 2016. The final report and copies of any documents developed with your award monies are due on or before April 20, 2016. *Please mark your calendar!*

If you have any questions, please contact me at: (617) 963-2574; by e-mail at: Lois.Martin@state.ma.us; or by mail at the above address.

Sincerely,

Lois Martin
For the Special Committee

VERMONT ATTORNEY GENERAL'S OFFICE
APPLICATION FOR GRANT DISTRIBUTION
FROM THE FUND FOR CONSUMER PROTECTION AND EDUCATION -2013 CYCLE

SUMMARY REQUEST: Vermont requests \$9,000 to fund a 3-month pilot prevention project to assess the impact of posting a warning advertisement on the Google search engine to guide Vermont consumers away from internet sites offering illegal high-interest loans. We propose using the Google AdWords on-line advertising service to craft a consumer warning that would be positioned adjacent to the internet loan site advertisements. We chose Google because it is the site with the broadest audience and will hopefully provide the greatest number of contacts with consumers.

NATURE OF CONSUMER PROBLEM: All too often, consumers in financial distress turn to internet high interest loans. And, not anticipating or understanding the ramifications of the loans' usurious interest rates, the consumers then find themselves in an even deeper cycle of revolving debt. In addition, by filing the internet applications, consumers expose themselves to scam debt collectors and potential identify theft.

Vermont law requires that all lenders be licensed with the State Department of Financial Regulation. Vermont Licensed Lenders Act, 8 V.S.A. § 2201. Vermont also has statutory limits on the rate of interest charged for money lending. See 9 V.S.A. § 41a(b)(1) & (b)(5) (setting the interest rates at 12-24% per annum for all loans involving money or credit). As a result of these laws, there are no "payday" loan businesses physically located in Vermont.

However, high-interest loans are marketed nationally to our consumers through television advertisements and internet sites. These internet lenders are rarely licensed to lend in VT. Working with the VT Department of Financial Regulation (DFR), the Vermont Attorney General's Office has procedures in place when we learn that an unlicensed lender has made a high-interest loan to a Vermont consumer. We contact the lender to notify it of the licensing requirement and our usury laws. Unlicensed lenders are then listed on the DFR website to warn other consumers. Despite these efforts, and other efforts to educate consumers through our websites and newsletters about the inherent problems and illegality of these loans, Vermont consumers in financial distress are still applying for these loans on-line. In 2012, over 80 consumers contacted the AGO Consumer Assistance Program to request assistance with problems resulting from their applications for internet loans. And, we know that there are many other consumers in this situation who did not contact us. The reported problems include inability to pay the usurious interest rates (frequently 50% and above), exorbitant fees, and debt collection harassment.

This proposal is directed to testing the impact of having a consumer warning adjacent to the internet loan advertising sites. The VT Department of Financial Regulation supports this

prevention effort. See attached letter from DFR Commissioner Susan Donegan (see Attachment A).

This proposal is part of a comprehensive effort undertaken by the Vermont Attorney General to address illegal internet lending. In 2013, Vermont made unlicensed lending a violation of the Consumer Protection Act, imposing financial liability on the unlicensed lenders, their processors, and others who provide substantial assistance when they know or consciously avoid knowing the lenders are unlicensed. The Office is pursuing settlements with multiple lenders and processors, and is in the process of notifying media of known unlicensed lenders operating in Vermont and the media's potential liability if they run advertisements on behalf of unlicensed lenders.

BUDGET AND BUDGET RATIONALE: All of the \$9,000 in requested funding would be paid to Google AdWords to fund the warning advertisement. Google AdWords drafts the advertisement based on the financial bid submitted by the entity buying the advertisement. Based on its analysis of the competitors' sites, in this case the internet lenders, Google AdWords will use the key words that its analysis shows are being used by internet lenders to attract consumers to their sites. The placement of the warning is based on the price paid; Google AdWords staff has advised that the internet loan lenders spend significant funds to position their advertisements. (Ad prices vary depending on the bids submitted by competitors.) Google AdWords staff has advised that a \$100/day price should purchase a placement at the top of the ad space adjacent to the sites at the right side top of the page.

The \$9,000 grant request represents a bid amount of \$100/day for 90 days. Google AdWords staff has indicated that they analyze the effectiveness of the advertisement or warning by the number of "clicks" that are made on the ad by users. They stated that they need a minimum of 60 days to analyze the effectiveness of the ad and that during that time they will update and move the advertisement based on their findings. We are requesting a 90 advertising day period in order to provide a slightly longer period of exposure. Google AdWords will provide a report, which we could provide to the Committee and other offices of attorneys general, reviewing the effectiveness of the placement of the advertisement and also advise as to more effective strategies for placement if relevant. Google AdWords will not provide a copy of the advertisement/warning until the bid is received. I have attached a screen shot of a sample internet loan advertisement page (see Attachment B); the proposal would be to place our warning on the top right hand side. We would request that the warning contain a link to our Consumer Assistance Program website on the high cost of illegal internet lending. (Current webpage attached (see Attachment C). We are in the process of adding information to this page to provide improved contact information for financial counseling and legitimate loan opportunities.)

Attachments:

- (A) DFR letter
- (B) Sample internet loan advertisement page
- (C) AGO 'Loans' page screenshot