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Office of the Secretary of State**

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**Sarah Copeland Hanzas, Secretary of State  
S. Lauren Hibbert, Deputy Secretary**

**January 16, 2024**

**To: Hon. Emilie Kornheiser, Chair  
House Committee on Ways and Means**

**From: S. Lauren Hibbert, Deputy Secretary of State**

**Re: Occupational Compacts: H.543 – An act relating to Vermont’s adoption of the Social Work  
Licensure Compact**

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Dear Committee,

Thank you for the opportunity to testify regarding the Social Work Licensure Compact.

### **Occupational Compacts Review**

Compacts are an agreement or contract between states – this state adopted several last year with your committee’s help.

Compacts are effective tools in occupational licensure. Compacts solve certain mobility challenges by allowing the licensee to practice in states in which they do not live, or immediately upon moving to new states. Compacts also enable telehealth across state lines when both states are compact members.

The concept of a “home state” is an essential component of most compacts. This state is where the licensee holds primary residence, votes, etc. Once an individual obtains a compact license from their home state, they are either 1) immediately authorized to practice in all other compact states, or 2) able to ask the compact commission for the authority to practice in another compact jurisdiction. In the latter case, there is sometimes a fee per additional jurisdiction. Accordingly, if a licensee changes their state of primary residence, they must then apply for a new compact license from their new home state.

Compacts generally reduce licensing revenues. Compacts reduce revenue by allowing non-resident professionals from compact member states to practice without first purchasing a Vermont state license. Given Vermont’s small geographic size, and our highly populous neighbor states, it is easy for professionals to work in Vermont without living here. In nearly all OPR professions, the highest

population of non-resident licensees come from either New York, Massachusetts, or New Hampshire. When Vermont joins a compact, that profession's total state licensure decreases.

Compacts also affect the professional conduct enforcement process. While states retain jurisdiction over everyone who practices within their borders, compacts often mandate reciprocal discipline. Post-Dobbs, OPR is concerned by any compact provisions which require disciplinary reciprocity: the Office of Professional Regulation does not want to enter agreements that would require disciplining a Vermont licensee because they provided an abortion or gender-affirming care in another state. Act 15 of 2023 took a step toward addressing this concern by requiring Vermont's delegates to seek Compact rule amendments permitting Vermont to choose not to take disciplinary action against compact licensees who have been disciplined elsewhere for providing gender-affirming or reproductive health care services.

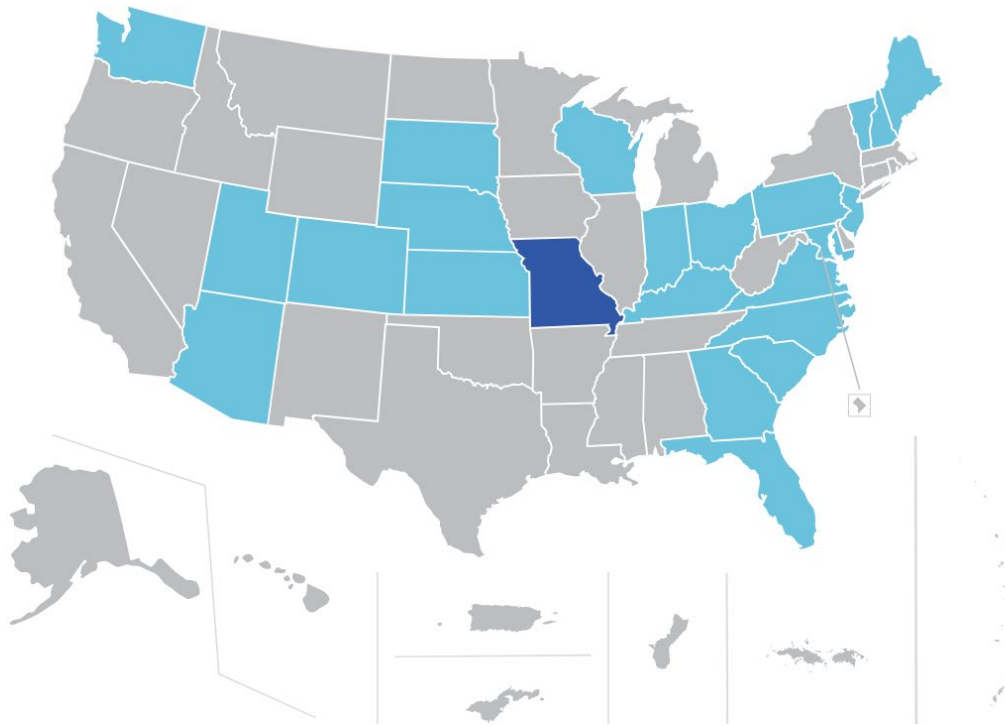
Compacts impact enforcement expenses. Because Vermont retains jurisdiction over everyone who is practicing in Vermont—either physically or via telehealth—OPR will be investigating and prosecuting professionals who are not Vermont licensees. OPR, and the in-state licensees, will incur the full expense of these investigations and prosecutions without having received those individuals' licensing revenue.

Compacts require expensive IT modifications. Upon joining a compact, OPR must pay for system modifications to accommodate compact licensure. Depending on compact requirements, accounting for a non-resident compact licensee can consume more resources than an in-state licensee. For example, Osteopathic Physicians with compact licenses communicate directly with the IMLCC, not with OPR. For this compact, OPR staff must manually enter an IMLCC licensee's information into OPR's licensing system. By contrast, all Vermont state license applications are submitted by the applicants in OPR's online system. Any future compact engagements should consider whether the process can be automated.

## **Social Work Compact**

Developed by the Council of State Governments (CSG) in partnership with the Department of Defense (DoD) and the Association of Social Work Boards (ASWB). Lauren Layman, General Counsel for OPR, was part of the technical development committee. CSG also developed the Audiology/SLP compact, OT compact, and the Counseling Compact. The final model language for the Social Work Licensure Compact was approved in February 2023. In turn, it has only been adopted in Missouri. However, there is legislation pending in 20 other states, including Vermont.

● Legislation Not Introduced      ● Legislation Pending      ● Legislation Enacted

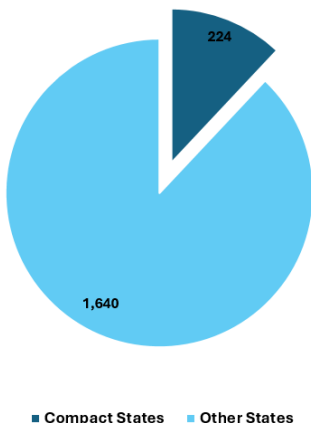


The Social Work Compact is in its early stages of formation. The Commission has yet to be formed and multistate privileges have not been issued yet. Vermont would like to be one of the initial states in the Commission. Once the Commission is established and Vermont issues compact licenses, a Vermont licensee will only need to obtain a home-state (i.e., Vermont) license and then will be permitted to work in any of the compact states without notice to the compact commission or the other member state. Similarly, social workers in other compact member states will only need to obtain a license in their home states and will then be authorized to work in any other member state, including Vermont. There is not a fee paid to the non-home state.

We are anticipating revenue loss if we join the Social Work Compact. If all the states with pending legislation joined the compact, we would lose approximately \$40,000 biannually. Additionally, we will need to invest approximately \$10,000 in our IT system.

# H.543 – Social Work Compact Analysis

VT Licensed LICSW & LMSW from Compact States



## Licensure Impact

- 16% of social workers currently licensed in Vermont live in a compact state
- Assumption is that these 224 licensees would not renew if Vermont entered the compact

## Revenue Impact

- The social work compact does not have a privilege fee, so Vermont would not receive any revenue from compact licensees working the state.

Compact Status	LICSWs	LMSWs	Licensing Fee	Total
From Compact States	11	0	\$180	\$1,980
From States with Legislation Pending	201	12	\$180	\$38,340
<b>Subtotal</b>	<b>212</b>	<b>12</b>	<b>\$180</b>	<b>\$40,320</b>
From all other States	317	18	\$180	\$60,300
<b>Total</b>	<b>741</b>	<b>42</b>		<b>\$100,620</b>

## Expense Impact

- Full cost of enforcement will remain. Compact licensees will be investigated and prosecuted in Vermont, according to Vermont standards.
- Loss of application revenue estimated at \$12,000 annually.
- IT costs associated with creating a new pathway to licensure estimated at \$10,000.

Because of the revenue loss from this compact, and others, we are asking for:

- A \$90,000 one-time appropriation for the implementation of this compact. This would cover two renewal cycles and our IT updates.
- The creation of a group that would consist of the Joint Fiscal Office, Legislative Counsel, and the Secretary of State’s Office to discuss OPR’s funding model. The funding model of OPR does not work in the modern occupational licensure landscape. That landscape includes expanded telehealth and compacts, both of which reduce our revenue and because of our current structure (a special fund consisting of licensing fees) the costs of OPR are paid for by in-state licensees. Even with the fee bill work this committee did last session, the OPR Special Fund is at a negative balance, and it is projected to remain at a negative balance for the foreseeable future. Currently by the end of fiscal year 2024 we are projecting that OPR will have a negative fund balance of \$3 million. OPR has engaged in as many cost saving measures as possible – reducing our rent costs, limiting IT spending, selectively not filling positions, and limiting travel. These measures are not enough to solve the fund balance. We would like to engage in a nuanced and in-depth conversation to see if there are other ways we can be structured within our Special Fund, or we should consider receiving general fund allocations. With a staff of only 40, OPR regulates and oversees approximately 80,000 licensees and 51 licensing programs. Any additional funding reductions will compromise OPR’s ability to maintain its statutory public protection duties.

