



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Legislative Management Committee

From: Stephen Klein, Chief Fiscal Officer, Legislative Joint Fiscal Office *SK*  
*my* *CB*

CC: Catherine Benham - Associate Fiscal Officer/Chief Operating Officer,  
Legislative Joint Fiscal Office  
Theresa Utton, Senior Staff Associate, Legislative Joint Fiscal Office  
Mike Ferrant, Deputy Director, Operations, Legislative Council

Date: November 4, 2019

Subject: Additional Testimony on the Relationship between the Joint Fiscal Office  
staff and the Joint Fiscal Committee

**I. Summary**

The Joint Legislative Management Committee asked for further explanation regarding the interaction between the Joint Fiscal Committee (JFC) and the Joint Fiscal Office (JFO) staff while the Legislature is not in session. This memo provides an explanation on how this interaction relates to my recommendation that the Joint Fiscal Committee continue to have responsibility to hire the Chief Fiscal Officer, and through the Officer continue to have general oversight of the Joint Fiscal Office staff. During the legislative session, the work of the staff focusses on meeting the needs of the various committees we serve and managing other demands as they arise. While the Legislature is not in session, work is centered on the Joint Fiscal Committee and statutory charges in addition to various specific assignments and studies that the Joint Fiscal Office is asked to perform. The nature of the Joint Fiscal Committee's responsibilities and the work performed by its staff for both the Joint Fiscal Committee and Chairs of the money committees results in it being appropriate that the Committee retain its role in hiring the person that will best meet its needs. The Joint Fiscal Committee and its staff are responsible for several functions that are far different from other legislative staff offices, as discussed later in this memo.

For the above reasons, I recommend that the Joint Fiscal Committee continue to hire the Chief Fiscal Officer.

Moving towards a more uniform set of personnel policies and pay classification seems appropriate and logical for all of the legislative offices including the Joint Fiscal Office.

## II. Joint Fiscal Committee Responsibilities

The Joint Fiscal Committee, which includes the Chairs of the money committees, has three major areas of responsibilities that account for the majority of the off-session work performed by the staff:

1. **The core Joint Fiscal Committee statute<sup>1</sup> authorizes the Joint Fiscal Committee to:**
  - a. Provide a continuing review of fiscal operations of the State including revenues, budgets, and expenses;
  - b. Approve the acceptance of grants and related limited-service positions;
  - c. Manage staff. Managing staff is a minimal time commitment except in the case of a change in the fiscal officer.<sup>2</sup>
  
2. **There are functions contained in other statutes that reference the Joint Fiscal Committee and the Joint Fiscal Office staff. These include:**
  - a. Revenue forecasting and estimates of the Medicaid caseloads and per-member-per-month expenditures are approved by the Emergency Board but reviewed by the Joint Fiscal Committee per 32 V.S.A. § 305a<sup>3</sup>;
  - b. The Education Property Tax increment calculation is required by 32 V.S.A. § 305b;
  - c. The rescission process that is triggered when there are reduced state revenues requires Joint Fiscal Committee review and approval per 32 V.S.A. § 704(b)(1);
  - d. Consultation in the production of the Education Tax rate estimate and preparation of the Education Fund Outlook under 32 V.S.A. § 5402b;

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<sup>1</sup> 2 V.S.A. § 503. Functions

(a) The Joint Fiscal Committee shall direct, supervise, and coordinate the work of its staff and secretaries.

(b) The Joint Fiscal Committee shall:

(1) furnish research services and secretarial services of a fiscal nature to the House and Senate Committees on Appropriations, the Senate Committee on Finance, the House Committee on Ways and Means, the House and Senate Committees on Transportation, and the Joint Fiscal Committee;

(2) carry on a continuing review of the fiscal operations of the State, including revenues, budgeting, and expenditures;

(3) accept grants and approve any related limited service positions, gifts, loans, or any other thing of value, approved by the Governor, under the provisions of 32 V.S.A. § 5, when the General Assembly is not in session; and

(4) keep minutes of its meetings and maintain a file thereof. (Added 1973, No. 128 (Adj. Sess.), § 1, eff. Jan. 24, 1974; amended 1977, No. 247 (Adj. Sess.), § 187, eff. April 17, 1978; 1997, No. 144 (Adj. Sess.), § 17; 2019, No. 72, § E.127.1.)

<sup>2</sup> As part of the Fiscal Officer's report prepared for each Joint Fiscal Committee meeting, any staff changes and/or budgetary issues are noted. The Committee has the opportunity to provide input on the specific information contained within the report.

<sup>3</sup> As part of this charge, the Joint Fiscal Committee and its Office also have the responsibility to hire the Legislative Economist who is instrumental in carrying out revenue forecasts and advising the Legislature.

- e. Other more specific charges such as approval of some land transactions, use of the Environmental Contingency Fund for expenditures over set thresholds, approval of some below-market state leases, in addition to a variety of other review provisions;
  - f. Multi-year responsibilities include annual review of changes to the Vermont Economic Progress Tax Incentives, bi-annual changes to the livable wage study methodology that the Office, and the less frequent review of Tax Increment Financing.
3. **There are also specific legislative mandates that require the Joint Fiscal Committee approval and are created for temporary periods of time.** This year the Joint Fiscal Committee has specific charges to:
- Approve the release of funds for a technology grant to the Designated Agencies;
  - Approve, after a recommendation from other committees, the release of funds for the Integrated Eligibility and Enrollment computer upgrade;
  - Approve the release of funds for a study of new prison facilities. This also had to be approved by the Joint Legislative Justice Oversight Committee.

### **III. The Committee/Staff Interplay**

In all cases, once the session is adjourned, and in some cases during the session, the Joint Fiscal Office staff and its consultants work to prepare the specific estimates and materials required for Joint Fiscal Committee or Emergency Board action.

In some cases, this work involves extensive interaction with Executive Branch staff such as when working on consensus estimates. In other cases, the work involves extensive interaction with Joint Fiscal Committee members, the Chairs of the money committees, and committee leadership. An example of cases where there is a high degree of interaction with Joint Fiscal Office staff is the review and consideration of rescission plans or specific requests by the Joint Fiscal Committee related to the review of particular fiscal operations of the State.

In addition, studies that are assigned by the Legislature to the Joint Fiscal Office often require significant interaction with the Joint Fiscal Committee and its members as bidding procedures and the scope of work is developed. The level of work done for the Joint Fiscal Committee both independently and with direct supervision is considerable.

All of this work is in addition to any studies which may be included in legislation or assigned. The Joint Fiscal Office also works on projects and responds to legislative requests on a year-round basis. Vacation schedules are built around the work that is required to be completed. As is the case during the session, the interdependence of our work on revenues and appropriations requires that staff assignments reflect that interrelationship. There is considerable staff overlap and the use of team approaches to produce what the Legislature requires.

#### **IV. The Relationship with the Fiscal Officer and Selection by the Committee**

The role of the Joint Fiscal Committee and the close relationship to its staff make the selection and supervision of the Chief Fiscal Officer critical to its functioning. The Joint Fiscal Committee discussed this at their November 4<sup>th</sup> meeting and expressed a sense that the current practices of hiring should be maintained.

The Committee regularly interacts with the staff and directly communicates Committee needs through the Chief Fiscal Officer. The role and functions of the Joint Fiscal Committee are not typical in the legislative environment and are essential to preserving the strong role of the Legislature in the financial operations of the State. The nature of the Joint Fiscal Committee's role and the importance of its relationship with the Chief Fiscal Officer make maintaining a strong connection and in-depth accountability between the Joint Fiscal Committee and the Chief Fiscal Officer imperative, which underscore the practice and logic of having the Joint Fiscal Committee retain the responsibility of hiring the Chief Fiscal Officer.

For the above reasons, I recommend that the Joint Fiscal Committee continue to hire the Chief Fiscal Officer. Again, moving toward a more uniform set of personnel policies and pay classification for Legislative staff branch-wide seems appropriate.