



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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H.465 – An act relating to boards and commissions – As Introduced

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0465/H-0465%20As%20Introduced.pdf>

This bill proposes to repeal several inactive boards and commissions. The bill also proposes to replace the current per diem rate of \$50.00 for those who serve on boards and commission without other compensation for this service with two provisions:

1. a per diem floor of \$50.00
2. the ability for the Governor to set per diem rates above this floor.

This bill includes a proposed requirement for the Governor to include a schedule of per diems for all boards and commissions within the annual budget submission and would direct the appropriations committees to include and appropriate a final schedule of all per diems for boards and commissions within the annual budget act. All provisions in this bill would be effective starting on July 1, 2022.

Summary

- No fiscal impact is projected for the boards and commissions repealed in Secs. 1 through 7 of the bill.
- A fiscal impact is expected from the change of the current \$50.00 per diem set rate, to a floor of \$50.00. The current rate has been in place since 1986. It is expected that new higher per diem rates will be established for most boards relatively quickly.
- Within a two-year span, the total per diem expenditures would increase statewide in the estimated range of \$300,000 across all funds, and these costs would continue to gradually rise.
- Reporting and funding requirements are also included in Sec. 8. This requirement has no fiscal impact, however JFO recommends a modification to the way this is drafted at the end of this fiscal note.

The change in rate for per diems is an upward pressure within some departments that can change year over year.

Repeal of Certain Boards

There are seven inactive boards that are proposed for repeal within the bill. There is no fiscal impact from this action. All departments affected by this change, report there are no funds currently budgeted for this slate of entities to be repealed.

Per Diems and Allowable Expense Reimbursement

Currently, under 32 V.S.A. § 1010¹, the per diem rate for most boards and commissions is set at \$50.00 per day for members serving on boards, commissions, councils, committees, or other management, policymaking, or advisory bodies created by statute in the Executive Branch. This payment is available to serving members who are otherwise not compensated for their time to attend board meetings. Sec. 8(a) of H.465, proposes to strike the current flat \$50.00 per diem rate and replace it with a \$50.00 minimum rate. This proposal would allow the Governor to set per diem rates at or above \$50.00.

Because this rate has been in place for so long, the expectation is that the rate for most boards will increase substantially and very quickly. The total per diem expenditure is estimated to nearly double in the next two years as result of the change in the proposed legislation. Prior to the pandemic in FY 2019, the total per diem expenditure statewide was approximately \$330,000. This total dropped to \$260,000 in FY 2020 and then increased to \$310,000 in FY 2021. These totals are typically funded in the range of 15% by federal funds, 50% by the General Fund and special funds cover the remaining 35%.

A total increase that is estimated in the range of \$300,000 is estimated by FY 2024 as a result of this proposed change. It is estimated that \$150,000 would be paid by the General Fund, special funds would bear an estimated \$105,000 impact and \$45,000 would be paid by federal funds. Because this impact will be distributed across many departments, and the scale of the increase will vary for each board, it is unclear whether departments can absorb the new costs or whether supplemental funding would be requested. Thereafter this expenditure amount is expected to increase annually as result of this change. Per diem expenses overall will also be impacted by the creation of new boards, commissions, and committees over time. Expense reimbursements such as meals and mileage are not impacted by this bill.

Reporting Requirements

Sec. 8(e) of H.465 proposes to require the Governor to submit a schedule of per diems to the appropriations committees with the annual budget submission. The appropriations committees would be required to review and include a final schedule of per diems within the budget act. The reporting requirement will allow the Legislature to track the changes in per diems over time. The Joint Fiscal Office has a recommended change to the directive regarding the budget. These funds must be administered within the State's financial system because the boards and commissions do not have the capacity to administer funds. The current funding and administrative capacity are already lodged across the agencies and departments of the State. Alternative language is suggested to meet the intent of the sponsors of the bill while not adding administrative burden.

JFO Alternative Recommended Draft

(e) The Governor may authorize per diem compensation and expense reimbursement in accordance with this section for members of all boards, commissions, councils, and committees and all other statutory-created management, policymaking, or advisory bodies of the Executive Branch who do not receive compensation for their time serving, whether appointed by the Governor or not, including temporary study commissions, created by executive order. Per diem compensation authorized under this section shall be not less than \$50.00 per day. The annual budget report of the Governor submitted to the General Assembly as required by 32 V.S.A. § 306 shall contain a separate schedule, by entity, that provides the per diem compensation rate established for the current fiscal year and the per diem rate proposed for the next fiscal year. This schedule shall also provide, by entity, the total per diem amounts paid and total expenses

¹ 32 V.S.A. § 1010 – Sets the amount of per diems for certain boards and commissions at \$50.00:
<https://legislature.vermont.gov/statutes/section/32/015/01010>

reimbursed for all members of the entity in the most recently ended fiscal year.

(1) In the annual budget documentation submitted to the House and Senate Committees on Appropriations, any agency or department that administers funds for a board, commission, council, and committee and all other statutory-created management, policymaking, or advisory bodies, including temporary study commissions, created by executive order shall provide a list of the entities and the current and projected per diem and expense reimbursement for each entity.