



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: House Committee on Appropriations
 From: Daniel Dickerson, Joint Fiscal Office
 Cc: Legislative Branch Department Heads
 Date: February 17, 2023
 Subject: Fiscal Year 2024 Legislative Branch Budgets

The fiscal year 2024 legislative branch appropriation request is \$20,429,643. This request is \$871,184 above the fiscal year 2023 appropriations, a growth rate of 4.5%. The two biggest cost drivers are 1) annualization of the FY23 pay act, 2) increases to retirement and health care contribution costs, and 3) increases to internal service costs. Taken alone, these three items represent a growth rate of 3.8%. All remaining cost drivers represent a 0.7% growth rate. Overall branch budget numbers are shown below, with an explanation of budget pressures on the following page and department-level appropriations at the end of this memo.

Legislative Branch requested FY24 Appropriation		
	FY23 Big Bill	FY24 Big Bill
FY23 Legislative Branch appropriations (Act 185)	\$19,558,459	
<i>Start: FY23 Base budget</i>		\$19,558,459
<i>Add: Annualize pay act and benefits changes</i>		\$629,376
<i>Add: Internal service fund increases</i>		\$120,298
<i>Add: Personnel changes</i>		(\$99,456)
<i>Add: All other changes</i>		\$220,966
FY24 Legislative Branch appropriation request		\$20,429,643
<i>Dollar Change (FY23 to FY24)</i>		\$871,184
<i>Percent Change (FY23 to FY24)</i>		4.5%

Budget Pressures:

1. Compensation changes:

- a. Pay Act – All legislators received a 4.9% increase in pay in July 2022, which is in line with increases for other elected positions within State government. Some legislative staff received ongoing salary increases up to 4.9%, while some received one-time payments that don't have an ongoing budget impact. Staff pay increases were influenced by the compensation structure created by NCSL, the recommendations of the compensation analyst and subsequent off-cycle adjustments that are explained below. Overall, the annualization of fiscal year 2023 pay act into the fiscal year 2024 appropriation request represents approximately a \$396,000 cost (2.0% growth rate).
- b. Off-cycle adjustments – A staff compensation structure was created in spring of 2022. Legislative HR hired a compensation analyst in 2022 to make recommendations on where individual employees should be placed within the new pay structure. The recommendations from the analyst were approved by the Joint Legislative Management Committee (JLMC) and enacted in May 2022, which resulted in new costs for the branch. The total new funding need was approx. \$447,000, \$400,000 of which was provided in FY23 operating appropriations.¹ The additional \$47,000 is requested for FY24 to cover the remaining unmet budget need (0.25% growth rate).

2. **Benefits changes:** The state-share cost for employees participating in the defined benefit plan increased from 25.5% to 26.7% in FY23 while the cost for the defined contribution plan went from 11.0% to 11.75%. Finally, health care premiums will increase by roughly 11.6% in FY24. These benefit rate increases have been included in the FY24 budget requests as increases needed to maintain base services. Taken alone, the benefits changes represent a cost increase of roughly \$230,000 across the branch from FY23 to FY24 (1.2% growth rate).

3. **Internal Service Fund changes:** The legislative branch began incurring fee-for-space charges in FY23 for new spaces at 2 and 4 Aiken, and at 109 and 133 State. Some of this cost will go down in future years when space in 109 and 133 State go back to the executive branch. In FY24, costs for most internal service charges will increase, with the largest increases being to worker's compensation and general liability insurance coverage. Taken alone, increases to internal service costs represent a cost increase of roughly \$120,000 (0.6% growth rate).

4. Personnel:

- a. Legislative Operations – The FY24 appropriations request includes roughly \$20,000 to fund a floating committee assistant. This session-only position was authorized in a prior year and previously funded with carry-forward. Base budget funding is being requested in FY24. The position was filled during the 2022 session but was not filled for the 2023 session. The position would fill in as needed in the event of illness, resignation, or other scheduling issues. When not needed, this position would assist with administrative work (0.1% growth rate).

¹ Prior year carry forward will cover the unfunded cost from the compensation changes in FY23.

- b. JFO/HR position swap – The Joint Fiscal Office (JFO) was authorized a new limited-service position in 2021 to support the office. Funding was provided in the FY22 budget adjustment bill. JFO was not able to fill this position and, with the approval of JLMC, has transferred the position to the office of legislative human resources (HR). HR will utilize this position to assist with the ongoing building, implementation and maintenance of an HR function within the legislative branch. The budgeted annual cost for the position is \$105,000. The FY24 appropriation request shifts \$80,000 from the JFO budget to the Legislature’s budget to cover this cost, with the rest covered with new funding (0.13% growth rate).
- c. JFO committee assistant – The Senate Appropriations committee was previously staffed with a permanent, exempt JFO position that was also responsible for drafting the state budget. With the approval of the Joint Fiscal Committee, JFO has restructured the permanent position to provide editing services for fiscal documents in addition to the budget drafting duties. JFO has created a temporary position to staff Senate Appropriations going forward and has retained \$25,000 of ongoing funding from the HR limited-service position swap to cover this cost.
- d. Personnel savings – Staff transitions in the various legislative offices have resulted in net savings in the FY24 appropriations requests totaling roughly \$192,000. These savings are primarily attributable to new staff having lower salaries or lower-cost benefit plans than the previous incumbent, or in the case of new positions, the actual costs are lower than were previously budgeted (-1.0% growth rate).

5. Other budget pressures:

- a. Legislator per diems – Legislators are eligible for reimbursement of costs for meals, mileage and lodging during the session, and as-needed during the off-session. Reimbursement rates are based off federal guidance.² These rates have increased due to inflationary pressures. The FY24 appropriation request includes new funding to cover these increased costs. New funding requested for this item totals \$65,000 (0.33% growth rate).
- b. Professional Development – All legislative budgets include additional proposed funding for professional development initiatives. These initiatives may include travel to professional conferences and networking events, tuition reimbursement, or other expenses as necessary to allow for professional development and/or advancement. New funding requested for these costs total roughly \$59,000 (0.3% growth rate).
- c. IT operating costs – The FY24 Legislative IT budget requests new funding to cover anticipated cost increases for various IT operating costs, including but not limited to, hardware replacement, software licensing, and IT contracts. Landlines across the branch were converted to VOIP, which should achieve some savings in FY24. New funding requested for these net cost increases totals roughly \$72,000 (0.37% growth rate).

² Mileage rates are set by the Internal Revenue Service (IRS) and meals/lodging rates are set by the General Services Administration (GSA).

- d. All other pressures – There are small increases to operating costs, and some personal services costs, sprinkled throughout the legislative budgets. These increases are primarily due to inflation. There is some new funding to support HR-related consultant services. There are a few small reductions. Overall increase from this item is roughly \$23,000, or 0.13%.

Legislative Branch budgets – department breakdown				
	FY23	FY24	Change	Change
Department	Appropriation	Request	\$	%
Legislature ³	\$9,922,747	\$10,547,718	\$624,971	6.3%
Legislative Counsel	\$3,809,731	\$3,924,777	\$115,046	3.0%
Joint Fiscal Office	\$2,765,924	\$2,708,940	(\$56,984)	-2.1%
Legislative IT	\$1,755,296	\$1,943,447	\$188,151	10.7%
Sgt. At Arms	\$1,304,761	\$1,304,761	\$0	0.0%
Total	\$19,558,459	\$20,429,643	\$871,184	4.5%

Proposed Language

2021 Acts and Resolves No. 74, Sec. E.126a is amended to read:

- (a) One ~~limited-service~~ permanent exempt position, Human Resources ~~Associate~~ Generalist, is authorized for establishment in fiscal year 2022

Explanation: The Office of Human Resources within the General Assembly was established by Act 144 of 2019. Prior to that there was no formal human resources function within the General Assembly. Currently there are two employees within the Human Resources office (not including the vacant limited-service position from the Joint Fiscal Office). One current employee is the Director and is a permanent exempt position. The other is a Human Resource Generalist and is limited service.

We propose to redesignate the limited service Human Resource Generalist position as a permanent exempt position. The HR office has identified sufficient ongoing workload to justify the need for two permanent positions. This workload includes, but is not limited to, recruitment for all offices, HR policy maintenance, assistance with performance management, attending to employee/employer matters, and reporting and assisting with overall daily HR functions. The limited service position from JFO, which is explained above, will provide additional support over the next few years as the HR office continues to implement operating policies and standards.

³ The Legislature's budget includes funding for the General Assembly, House Clerk, Senate Secretary, Leadership positions, Office of Legislative Operations, and the Office of Human Resources.