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Joint Fiscal Office

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Fiscal Note

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S.39 – An act relating to compensation and benefits for members of the Vermont General Assembly

As proposed by the Senate Committee on Government Operations¹

Bill Summary

This bill proposes changes to compensation and benefits for legislators. Most notably, the bill proposes the following:

- Section 1 – Proposes to allow per diem payments to legislators for participating in professional development when it is directly tied to a member’s service. The per diem amount would be the same as when the General Assembly is in session.
- Section 2 – Proposes to make legislators eligible for the group health insurance plans, EAP plans, and flexible spending plans that are offered to State employees.
- Section 3 – Proposes a statement of intent that legislators should receive compensation consistent with the average wage earned in Vermont.
- Section 4
 - Proposes to update the annual wage and weekly session wage for the Speaker and the President Pro Tempore that would be effective on January 1, 2025.
 - Proposes to make the Speaker and the President Pro Tempore eligible for an allowance for child, dependent, and elder care.
- Section 5
 - Proposes to update the weekly session wage for legislators that would be effective on January 1, 2025.
 - Proposes a new weekly wage outside of the legislative session equal to one-fifth of the weekly session wage that would be effective on January 1, 2025.
 - Proposes a new hourly wage outside of the legislative session equal to 2.5 percent of the weekly session wage for work performed in preparation for a special or joint committee meeting that would be effective on January 1, 2025.
 - Proposes to make members of the General Assembly and staff eligible for an allowance for

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[https://legislature.vermont.gov/Documents/2024/WorkGroups/Senate%20Government%20Operations/Bills/S.39/Drafts,%20Amendments,%20and%20Legal%20Documents/S.39~Jennifer%20Carbee~Senate%20Committee%20on%20Government%20Operations%20Committee%20Report%20\(6-0-0\)~3-17-2023.pdf](https://legislature.vermont.gov/Documents/2024/WorkGroups/Senate%20Government%20Operations/Bills/S.39/Drafts,%20Amendments,%20and%20Legal%20Documents/S.39~Jennifer%20Carbee~Senate%20Committee%20on%20Government%20Operations%20Committee%20Report%20(6-0-0)~3-17-2023.pdf)

- child, dependent, and elder care.
- Proposes to authorize reimbursement for eligible legislators for costs of overnight parking during the session, effective on January 1, 2024.
- Section 7 – Proposes to establish a Legislative Service Working Group that would convene during the 2023 off-session and report back to the General Assembly on January 15, 2024 on legislative compensation and benefits, staffing, administrative support, and the length of the legislative session.
- Section 8 – Proposes a fiscal year 2024 General Fund appropriation.

Fiscal Impacts

Estimated fiscal impacts in fiscal years 2024, 2025 and 2026 are shown below. For additional detail see Table 2 at the end of this fiscal note.

Fiscal year 2024 – Estimated new General Fund costs above current law totaling \$885,000. Estimated costs include a half-year of health benefits for participating members, a year of reimbursement for child, dependent and elder care expenses, and costs for the Legislative Service Working Group. The bill proposes a General Fund appropriation to the Legislature in fiscal year 2024 of \$875,000 to pay for the new benefits costs (section 8). The cost of the working group will add an additional \$10,000 cost to fiscal year 2024.

Fiscal year 2025 – Estimated new General Fund costs above current law totaling \$3,295,000. Estimated costs include a full year of the benefits detailed above that begin in the second half of fiscal year 2024 plus updated legislator weekly session salaries and updated leadership annual salaries.

Fiscal year 2026 – Estimated new General Fund costs above current law totaling \$4,759,000. Estimated costs include a full year of the benefits and compensation changes detailed above plus a full year of off-session compensation.

Background and details

Section 1

S.39 proposes to allow members of the General Assembly to receive per diem payments for participating in professional development when it is directly tied to a member's service. The authorized per diem amount would be the same as when the General Assembly is in session. This provision would be effective on July 1, 2024. Potential costs are unknown at this time.

Section 2

S.39 proposes to make members of the General Assembly eligible for the same health insurance benefits, employee assistance program (EAP) benefits, and flexible spending account program benefits available to State employees. This provision would be effective on January 1, 2024.

Health

State employees have access to two health insurance plans: TotalChoice and SelectCare POS. Each plan has three tiers: single, two-person, and family. Under the current collective bargaining agreement, State employees are responsible for 20 percent of health plan premiums and the State covers the other 80 percent. For the purposes of this fiscal note, JFO has made the following assumptions:

- Half of the General Assembly would elect to be covered by State health insurance (90 individuals).
- All enrollees would choose to be covered under a SelectCare POS plan.
- 35 members would choose a single plan, 30 members would choose a two-person plan, and 25 members would choose a family plan.

Based on the assumptions above, costs for a half year in fiscal year 2024 would be approximately \$843,000

and costs for a full year in fiscal year 2025 would be approximately \$1,686,000. These estimates are based on calendar year 2023 health premium rates, which are likely to change for 2024 and future years.

Employee Assistance Program (EAP)

Costs for members to participate in the State EAP program are estimated to be approximately \$5,000 per year.

Flexible Spending Account Program

Costs to participate in a health or dependent care flexible spending account program are borne by employees. There are no estimated new costs to the State.

Sections 4-5

S.39 proposes to increase compensation for members of the General Assembly during the session and during the off-session. The bill proposes to allow members to opt into an expense reimbursement plan or an expense allowance plan. The bill also proposes to allow members to claim reimbursement for child and dependent care expenses up to \$1,600 annually if they meet certain requirements and would allow them to claim reimbursement for parking, also subject to certain requirements. The expense reimbursement provisions of the bill would be effective on January 1, 2024 (fiscal year 2024) and the compensation provisions would be effective on January 1, 2025 (fiscal year 2025).

Session Compensation

S.39 proposes to increase the weekly session salaries for the House Speaker, Senate President Pro Tempore and other members of the General Assembly. Additionally, the bill proposes to increase the annual salary for the Speaker and the President Pro Tempore. Current (2023) compensation rates and proposed rates that would be effective in 2025 are shown below.

<i>Table 1: S.39 Proposed Compensation</i>		
Compensation Detail	2023 Compensation	S.39 Proposed Compensation
Member Session Compensation (weekly)	\$811.68	\$1,210.00
Leadership Session Compensation (weekly)	\$898.44	\$1,340.00
Leadership Annual Compensation (annual)	\$13,891.02	\$20,716.00

The updated compensation rates would continue to be adjusted annually consistent with any compensation increases provided to other constitutional officers, as is the case under current law. The updated session compensation rates would result in new annual costs of approximately \$1,290,000 in fiscal year 2025, and \$1,431,000 in fiscal year 2026 (assuming a 3.25% increase in legislator compensation on January 1, 2026 based on average increases for constitutional officers in fiscal years 2019 through 2024).

Off-session Compensation

S.39 proposes to establish weekly off-session compensation for members of the General Assembly (not including the Speaker and President Pro Tempore) in an amount equal to one-fifth of the weekly session compensation rate. This would be effective on January 1, 2025, at a rate of \$242.00 per week. This provision has a total estimated cost of \$232,000 in fiscal year 2025 and \$1,580,000 in fiscal year 2026.

Additionally, the bill authorizes member compensation for time spent preparing for special or joint committee meetings during the off-session at an hourly rate equal to 2.5 percent of the weekly session compensation rate. This would also be effective on January 1, 2025, at a rate of \$30.25 per hour. There

could be administrative issues with implementing this provision that are unclear at this time. It is also unclear how much preparation time legislators will actually claim for compensation. Total estimated costs for this provision would be \$25,000 in fiscal year 2025 and \$30,000 in fiscal year 2026.

Child, Dependent, and Elder Care Reimbursement

S.39 proposes to allow members and legislative staff claim reimbursement for child, dependent and elder care expenses of up to \$1,600 annually. Only care expenses that are necessary to allow members and staff to perform their duties would be eligible for reimbursement. Only members and staff with household incomes at or below \$75,000 annually would be eligible for this reimbursement. This provision would be effective on January 1, 2024. Total estimated costs are \$32,000 annually.

Parking Reimbursement

S.39 proposes to allow members with physical limitations to receive reimbursement for actual overnight parking costs incurred during the legislative session. This provision is estimated to have a de minimus annual fiscal impact.

Member-elect Stipend

S.39 proposes to compensate members-elect at a rate equal to one-fifth of the weekly session compensation rate for each day of attendance at a new member orientation. This provision would be effective on January 1, 2024 at a rate of \$242.00 per day. Total estimated costs every two years would be approximately \$30,000, starting in fiscal year 2025.

Section 7

S.39 proposes to establish a Legislative Service Working Group made up of three House members and three Senate members that would convene during the 2023 off-session and make recommendations on legislative compensation and benefits, staffing, administrative support, and the length of the legislative session. Recommendations would be due on or before January 15, 2024. Members of the working group would be entitled to receive compensation and expense reimbursement for up to eight meetings. Total estimated costs are \$10,000 in fiscal year 2024.

Section 8

S.39 proposes a General Fund appropriation to the Legislature in fiscal year 2024 in the amount of \$875,000 to cover costs that would be incurred during the upcoming budget year for legislator health insurance coverage and for legislator and staff child, dependent and elder care expense reimbursement. Additional fiscal year 2024 costs of \$10,000 for the Legislative Service Working Group are not included in this appropriation.

Table 2: S.39 Estimated new costs from compensation and benefits changes²

Change from current law	Fiscal Years		
	FY 2024	FY 2025	FY 2026
Sec. 1: Compensation for legislator professional development (July 1, 2024)	\$0	unknown	unknown
Sec. 2: Health Insurance for legislators (Jan. 1, 2024)	\$843,000	\$1,686,000	\$1,686,000
Sec. 2: Child and dependent care reimbursement for legislators and legislative staff (Jan. 1, 2024)	\$32,000	\$32,000	\$32,000
Sec. 4-5: Legislator weekly session compensation – salaries and FICA (Jan. 1, 2025)	\$0	\$1,290,000	\$1,431,000
Sec. 5: Legislator weekly off-session compensation – salaries and FICA (Jan. 1, 2025)	\$0	\$232,000	\$1,580,000
Sec. 5: Legislator hourly off-session pay for meeting prep – salaries and FICA (Jan. 1, 2025)	\$0	\$25,000	\$30,000
Sec. 5: Member-elect daily compensation for new member orientation (Jan. 1, 2024)	\$0	\$30,000	\$0
Sec. 7: Legislative Service Working Group (effective on passage)	\$10,000	\$0	\$0
Total new costs (compared to current law costs)	\$885,000	\$3,295,000	\$4,759,000

² Estimated new costs for legislator compensation are calculated compared to 2023 session salary amounts. Estimated health insurance costs are based on current 2023 premium health insurance employer-share premiums, and do not account for any potential inflation in future years.