

Vermont Legislative Joint Fiscal Office

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Fiscal Note

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S.8 – An act relating to establishing the State Ethics Commission and Standards of Governmental Ethical Conduct

*As passed the House Committee on Government Operations
& the House Committee on Appropriations*

Summary

The Bill would establish a State Ethics Commission to implement and enforce State ethics laws for current and former legislators, State Executive officers, and candidates for State and legislative office. The Commission would consist of five members and would be staffed by an Executive Director who would work half-time.

Estimated Fiscal impact:

	Low	High
SFY 2018	\$48,775	\$63,910
SFY 2019	\$77,330	\$107,600 < Fully annualized

Estimated Surcharge Revenue = \$106,283

Commission members

Commission members would be appointed no later than October 15, 2017. They would meet perhaps five times between October 15 and December 31, 2017, to hire an Executive Director who would begin work on January 1, 2018. Beginning in January 2018, the Commission members would meet perhaps quarterly to set policy and address any issues that arise.

Pursuant to 32 V.S.A. § 1010, Commission members would receive a per diem of \$50 per day when they perform official duties.

Est. SFY 2018 = (\$50/day) x (5 members) x (7 meetings) = \$1,750

Est. SFY 2019 = (\$50/day) x (5 members) x (4 meetings) = \$1,000

Executive Director

The Executive Director (ED) would be an exempt, half-time State employee. The estimate range for a full-time ED salary is \$73,000 to \$100,000 with a mid-range estimate of \$86,500. FICA and retirement benefits are about 18 percent of salary, and health insurance, dental insurance and other benefits (life insurance, etc.) add between \$8,800 and \$23,000 depending on level of coverage (individual or family plan). The total estimated position cost if half-time would be \$59,000 to 75,000 with a mid-range estimate of \$67,000. Since the ED wouldn't start until at least halfway through the fiscal year in January, the estimated position cost would be \$33,500 in SFY'18 and would be annualized in SFY'19.

Administrative Costs

Office space is expected to be approximately 1,080 square feet with an office, conference room, reception area, and services for a copier, printer, and fax machine in Montpelier.¹ The estimated cost ranges from \$17,280 annually at \$16 per square foot to \$21,600 annually at \$20 per square foot. The mid-range estimate is \$19,440 at \$18 per square foot. According to Sec. 12, the Commissioner of Buildings and Grounds (BGS) would allocate this space by October 15, 2017.

Office Space

Est, FY'18 = \$14,580

Est. FY'19 = \$19,440 (annualized)

In addition, in collaboration with the Department of Human Resources (DHR), the Commission is expected to offer training on issues related to governmental ethics to State officers and State employees at least once per year. An outside consultant at a cost of \$1,500 in SFY 2018 and \$2,500 in SFY 2019 is included in the estimate as well as an additional \$5,000 in FY 2018 and \$2,500 in FY 2019 for computers, travel, start-up costs, and other expenses.

Total estimated State Ethics Commission Costs

	2018		2019	
	Low	High	Low	High
Commission Member Per Diems		\$1,750		\$1,000
Executive Director (Part-time)*	\$25,945	\$41,080	\$51,890	\$82,160
Administrative Costs**		\$21,080		\$24,440
	\$48,775	\$63,910	\$77,330	\$107,600

* ED position wouldn't start until January so half year cost in 2018.

** Administrative Cost, such as office space, assume 3 quarters cost in 2018. Annualized in 2019.

Surcharge

The bill also assessed a per-person surcharge of up to 2.3% (but no greater than the cost of the activities of the State Ethics Commission) on all Executive Branch agencies, departments, and offices and can only be paid for with state funds. According to the Department of Human Resources, this assessment would total approximately **\$106,283** based on FY 2017 data.

$$(\$525.42 \text{ per head}) \times (2.3\%) = \$12.09/\text{person}$$

$$(\$12.09/\text{person}) \times (8,791 \text{ Executive Branch employees}) = \$106,283$$

¹ Buildings and General Services provided the lease estimates in November 2015.