



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

June 6, 2023

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

As passed by the General Assembly<sup>1</sup>

#### **Bill Summary**

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

- Section 1 – Proposes to make legislators eligible for the group health insurance plans, EAP plans, and flexible spending plans that are offered to State employees.
- Section 2 – Proposes salary amounts for legislators and legislative leaders for the 2025-2026 biennial session.
- Section 3 – Proposes to update the annual wage and weekly session wage in statute for the Speaker and the President Pro Tempore that would go into effect at the beginning of the 2027 biennial session.
- Section 4
  - Proposes to update the weekly session wage for legislators that would go into effect at the beginning of the 2027 biennial session.
  - 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 to authorize daily stipends for non-incumbent members-elect to attend the new member orientation prior to each new biennium.
- Section 6 – 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.

#### **Fiscal Impacts**

Estimated fiscal impacts in fiscal years 2024 through 2027 are shown below. For additional detail see Table 2 at the end of this fiscal note.

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<sup>1</sup> <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/S-0039/S-0039%20As%20Passed%20by%20Both%20House%20and%20Senate%20Unofficial.pdf>

**Fiscal year 2024 – Estimated one-time General Fund costs totaling \$10,000.** Estimated costs are for the Legislative Service Working Group. The bill does not include an appropriation and the cost would be absorbed within the legislature’s budget.

**Fiscal year 2025 – Estimated new General Fund costs above current law totaling \$1,639,000.**

Estimated costs include a half year of health benefits for participating members, plus updated legislator weekly session salaries and updated leadership annual salaries, plus legislator weekly off-session compensation from the end of the 2025 legislative session to the end of the fiscal year (at a rate of one-fifth of the weekly session compensation), plus a daily stipend for members-elect to attend new member orientation prior to the start of the 2025 biennial session.

**Fiscal year 2026 – Estimated new General Fund costs above current law totaling \$4,022,000.**

Estimated costs include a full year of the benefits and compensation changes detailed above, plus a full year of off-session compensation. No new member orientation stipend costs in fiscal year 2026.

**Fiscal year 2027 – Estimated new General Fund costs above current law totaling \$4,717,000.**

Full implementation of S.39 proposed compensation and benefits changes for legislators. Includes stipend costs for new member orientation prior to the start of the 2027 biennial session.

## **Background and details**

### Section 1

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, 2025.

### *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 2025 would be approximately \$843,000 and costs for a full year in fiscal years 2026 and 2027 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.

Table 1: S.39 Proposed Compensation rates – sections 2-4

Compensation Detail	2023 Compensation	2025 Proposed Compensation (sec. 2)	2026 Proposed Compensation (sec. 2)	2027 Proposed Compensation (sec. 3-4)
Member Session Compensation (weekly)	\$811.68	\$1,000.00 + percentage increase for constitutional officers in FY 2025	\$1,100.00 + percentage increase for constitutional officers in FY 2025 and 2026	\$1,210.00 + percentage increases for constitutional officers in FY 2025, 2026 and 2027
Leadership Session Compensation (weekly)	\$898.44	\$1,230.00 + percentage increase for constitutional officers in FY 2025	\$1,530.00 + percentage increase for constitutional officers in FY 2025 and 2026	\$1,830.00 + percentage increases for constitutional officers in FY 2025, 2026 and 2027
Leadership Annual Compensation (annual)	\$13,891.02	\$19,000.00 + percentage increase for constitutional officers in FY 2025	\$23,500.00 + percentage increase for constitutional officers in FY 2025 and 2026	\$28,300.00 + percentage increases for constitutional officers in FY 2025, 2026 and 2027

### Section 2

S.39 proposes to increase legislator compensation over three years. Section 2 of the bill proposes compensation rates for legislators and legislative leadership that would be in effect for the two years of the 2025-2026 biennium. Compensation during calendar year 2025 would be set at the rates listed in Table 1 above and would be adjusted by any increases provided to other constitutional officers in 2025. Compensation during calendar year 2026 would be set at the rates listed in Table 1 above and would be adjusted by any increases provided to other constitutional officers for 2025 and 2026.

The compensation rates in this provision would result in increased annual legislator compensation costs of approximately \$585,000 in fiscal year 2025 and \$1,000,000 in fiscal year 2026. To project future compensation increases for constitutional offices, which would be utilized for setting legislator pay in 2025 and 2026, JFO utilized a five-year average of the most recent compensation increases. The compensation increases over the 2025-2026 biennium would lead to the proposed 2027 statutory compensation amounts that are in sections 3 and 4 of the bill.

### Sections 3-4

S.39 proposes to increase compensation for members of the General Assembly during the session and during the off-session. The bill also proposes to allow members to opt into an expense reimbursement plan or an expense allowance plan. The expense reimbursement provisions of the bill would be effective on January 1, 2024 (fiscal year 2024), the off-session compensation provisions would be effective on January 1, 2025 (fiscal year 2025), and the session compensation provisions would be effective at the start of the 2027 biennial session (fiscal year 2027).

### *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. These increases would go into effect at the beginning of the 2025 session with a phase-in over three years.

The statutory compensation rates in S.39 would be adjusted by any increases provided to constitutional officers during fiscal years 2025-2027 and would continue to be adjusted annually after 2027 consistent with any compensation increases provided to other constitutional officers, as is the case under current law. To project future compensation increases for constitutional offices, JFO utilized a five-year average of the most recent compensation increases. The updated session compensation rates would result in increased annual legislator compensation costs of approximately \$1,475,000 starting in fiscal year 2027.

#### *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 compensation provision would not be automatic. Members would need to claim compensation each biweekly pay period. This fiscal note assumes a 90% claim rate for the off-session compensation. This would be effective on January 1, 2025. The off-session compensation rate would increase annually based on the weekly session rates proposed above for 2026 and 2027. This provision has a total estimated cost of \$180,000 in fiscal year 2025 and \$1,336,000 in fiscal year 2026 and \$1,516,000 in fiscal year 2027.

#### *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 \$31,000 to \$40,000, starting in fiscal year 2025.

#### Section 6

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 six meetings. Total estimated costs are \$10,000 in fiscal year 2024.

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

Change from current law	Fiscal Years			
	FY 2024	FY 2025	FY 2026	FY 2027
Sec. 1: Health Insurance for legislators (Jan. 1, 2024) <sup>2</sup>	\$0	\$843,000	\$1,686,000	\$1,686,000
Sec. 2: Legislator weekly session compensation during the 2025-2026 biennium – salaries and FICA (July 1, 2024)	\$0	\$585,000	\$1,000,000	\$0
Sec. 3-4: Legislator 2027 statutory weekly session compensation – salaries and FICA (Jan. 1, 2025)	\$0	\$0	\$0	\$1,475,000
Sec. 4: Legislator weekly off-session compensation – salaries and FICA (Jan. 1, 2025)	\$0	\$180,000	\$1,336,000	\$1,516,000
Sec. 4: Member-elect daily compensation for new member orientation (Jan. 1, 2024)	\$0	\$31,000	\$0	\$40,000
Sec. 6: Legislative Service Working Group (effective on passage)	\$10,000	\$0	\$0	\$0
<b>Total new costs (compared to current law costs)</b>	<b>\$10,000</b>	<b>\$1,639,000</b>	<b>\$4,022,000</b>	<b>\$4,717,000</b>

<sup>2</sup> Estimated health insurance costs are based on current 2023 premium health insurance employer-share premiums, and do not account for any adjustments/changes in future years.