



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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H.465 (Act 134) – An act relating to boards and commissions – As Passed by the General Assembly

This act repeals several inactive boards and commissions. The act also replaces the current per diem rate of \$50.00 for those who serve on boards and commissions without other compensation for this service with two provisions:

1. a per diem floor of \$50.00; and
2. the ability for per diem rates to be set above this floor beginning in fiscal year 2024.

This act 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 a requirement for departments and agencies to include the justification for per diem payments above the \$50.00 floor. All provisions in this act would be effective starting on July 1, 2022, except the statutory amendments on the per diem rate as provided in Sec. 8 are effective on July 1, 2024.

Summary

- No fiscal impact is projected for the boards and commissions repealed in Secs. 1 through 7 of this act. Sec. 7a adds a member to a commission, but the fiscal impact is nominal.
- 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.
- Sec. 9 requires the Governor, agencies, and departments follow the reporting requirements in the amendments in Sec. 8 for the fiscal year 2024 budget process (i.e., January 2023 budget presentations) in advance of the Sec. 8 effective date. The section also requires the Sunset Advisory Commission to recommend if there should be a maximum per diem rate established in a report due on or before December 1, 2023.

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 act. There is no fiscal impact from this action. All departments affected by this change report that 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 strikes the current flat \$50.00 per diem rate and replaces it with a \$50.00 minimum rate. This allows per diem rates to be set at or above \$50.00 beginning in fiscal year 2024.

Because this rate has been in place for so long, the expectation is that the rate for most boards will increase substantially and relatively 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 the cover the remaining 35% by special funds.

A total increase is estimated in the range of \$300,000 by FY 2025 as a result of these statutory changes. 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 will be requested. This expenditure amount is expected to increase annually as result of this change.

The State's 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 act.

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>