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Justin Johnson, Secretary

MEMORANDUM

TO: Agency and Department Heads
FROM: Justin Johnson, Secretary of Administration
DATE: March 11, 2015
RE: Contingency Planning for Labor Savings

As the Administration continues to work with the Vermont General Assembly on a balanced approach to addressing the FY 2016 budgetary challenges it is time to develop a contingency plan to have ready in the event an agreement cannot be reached on proposed labor savings.

It seems unlikely that the State's labor contract will be reopened as part of the solution to balancing the budget. This situation leaves me with no alternative but to begin planning for a significant reduction in force across all sectors of Vermont state government to be effective July 2015, the start of the new fiscal year.

Our challenge is to achieve \$10.8 million in General Fund, or GF equivalent, in labor savings. Because General Funds account for approximately 40% of the cost of positions on average, and average position costs with salary and benefits are \$83,000, this translates to roughly 325 positions when considering all funds. With less than 4 months before the beginning of FY 2016, we must use this time to develop a plan that can be implemented, if necessary, in a timeframe that provides required notice to impacted employees while allowing us to begin realizing savings with the first pay period in FY 2016. Part of this plan requires each Agency and Department to identify which positions within your proposed FY 2016 budget would not be funded to meet the reduction targets on the attached spreadsheet. To the degree possible, and considering operational and programmatic needs, I encourage you to consider the impact on individuals by focusing first on vacant positions and only looking to filled positions as a last resort. Depending upon which positions and associated funding are earmarked, we could be looking at a range of 150 to 325 positions to reduce statewide. In order to ensure compliance with existing collective bargaining articles relating to reduction in force, please consult with your respective Human Resources Field Representative to determine organizational impacts as part of your decision-making process.

If an Agency or Department elects to realize a portion of the reduction targets through operational or non-employee savings, please identify those sources and associated impacts. Please keep in mind that regardless of how these savings are achieved, these are base budget reductions, not one time savings.

Please complete this work on the template provided no later than the close of business on Monday, March, 16, 2015 and submit to the Governor through the Secretary of Administration via the mail folder: adm-budget@state.vt.us.

Given the magnitude of our budgetary challenges, and unless there are compelling reasons otherwise, I will not approve filling any positions funded with General Funds until such time as your respective Agency/Department has a savings plan that has been approved by my office.

Thank you for your cooperation and attention to this matter and please contact your Finance and Management Budget Analyst if you have any questions.



Labor Savings Contingency Plan Targets

Agency/ Department	General Fund/GF Equivalent Savings Target
Agency of Administration	1,161,388
Auditor of Accounts	48,306
Governor's Office	36,340
Treasurer	93,423
Attorney General	131,885
Defender General	197,856
Secretary of State	159,517
States Attorney's and Sheriffs	335,510
Green Mountain Care Board	35,104
Agency of Agriculture	230,272
Department of Financial Regulation	319,096
Department of Liquor Control	124,174
Military	54,189
Public Safety	1,046,728
Department of Public Service	134,946
Public Service Board	75,426
E-911 Board	33,031
Criminal Justice Training Council	29,313
Vermont Veterans' Home	179,858
Agency of Natural Resources	1,270,537
Agency of Commerce and Community Dev.	191,990
Natural Resources Board	76,803
Agency of Human Services	4,562,269
Agency of Education	223,037
Lottery	49,014
Total	10,800,012