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**STATE OF VERMONT**  
GENERAL ASSEMBLY  
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AND ON  
GOVERNMENT OPERATIONS

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April 15, 2015

The Honorable Peter Shumlin  
Office of the Governor  
109 State Street, Pavilion Building  
Montpelier, Vermont 05609

Dear Governor Shumlin:

As you know, the State is currently facing a revenue shortfall and budget gap that requires significant cuts. In order to prevent future reductions in State programs and the number of State employees, the State must limit the growth of its spending, including its spending on compensation and benefits for State employees, to a sustainable rate. In addition, the State must be able to avoid or minimize the potentially significant additional labor costs that could result from the imposition of the federal excise tax on high-cost, employer-sponsored insurance plans pursuant to 26 U.S.C. § 4980I beginning in 2018.

Therefore, the House Committees on Appropriations and on Government Operations encourage the Administration to negotiate with the Vermont State Employees' Association and the Vermont Troopers' Association to incorporate provisions into the collective bargaining agreements for each bargaining unit of State employees that will slow the growth of the State's labor costs and provide sustainable and reasonable compensation and benefits to State employees. In particular, the House Committees on Appropriations and on Government Operations recommend that the Administration pursue the inclusion of provisions in the next collective bargaining agreement for each bargaining unit that would accomplish the following:

- 1) An overtime policy under which overtime compensation will only be provided for hours actually worked in excess of 40 hours during a single workweek, or in excess of 80 hours during a two-week work period. Such a policy should not include hours spent on annual leave, compensatory time off, paid employee organization leave, personal leave, paid time for court and jury duty, or time spent traveling to and from paid training as hours that count towards overtime.
- 2) A reduction of the mileage reimbursement rate.

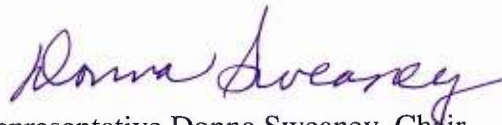
- 3) A sliding scale for the State and employee share of the premium cost of the State Employee Health Plan and employee health benefits that is proportional to an employee's income.
- 4) A sliding scale for the State share of the premium cost of the State Employee Health Plan and health benefits for full-time and part-time employees, so that the State will provide a decreased share of the premium cost for part-time employees relative to full-time employees.
- 5) The elimination of domestic partners from the types of dependents eligible for coverage under the State Employee Health Plan.
- 6) A fixed, flat amount for any salary increases or adjustments to be used in place of a percentage rate for salary increases and adjustments.
- 7) A requirement for the State and the employee organization representing the bargaining unit to renegotiate the terms of the collective bargaining agreement related to health insurance and medical benefits if necessary to avoid triggering the federal excise tax on high-cost, employer-sponsored insurance plans to be imposed pursuant to 26 U.S.C. § 4980I beginning in 2018.

The Committees appreciate your support and assistance in their efforts to address this serious issue.

Sincerely,



Representative Mitzi Johnson, Chair  
House Committee on Appropriations



Representative Donna Sweaney, Chair  
House Committee on Government Operations

Cc: Justin Johnson, Secretary of Administration  
Maribeth Spellman, Commissioner of Human Resources  
Rep. Shap Smith, Speaker of the House