

2016 Pay Act

I. General Overview of Pay Acts

A Pay Act usually occurs once every two years¹ after the State and bargaining units representing classified State employees negotiate new employment contract provisions, including wages and salaries.²

A Pay Act is usually in regard to any increases in State employee compensation and normally covers two fiscal years. In a Pay Act the General Assembly can establish:

- the cost-of-living adjustments that exempt employees in the Executive Branch may receive;
- the rate of adjustment for the salaries of Executive Branch agency and department heads set forth in [32 V.S.A. § 1003\(b\)](#) and for exempt Executive Branch employees who are deputies or executive assistants to agency and department heads as set forth in [32 V.S.A. § 1020\(b\)](#);
- the compensation of Executive Branch, Judicial Branch, and county officers that is set forth in statute; and
- the appropriations to fund any pay increases for employees in the Executive, Judicial, and Legislative Branches, and the sources from which those appropriations are derived.

II. 2016 Collective Bargaining Agreement

The State and the VSEA were not able to reach agreement on all new employment contract provisions. Statute sets forth the process to be followed in this circumstance. To summarize:

- When there is an impasse during collective bargaining, upon petition of one or both of the parties, the State Labor Relations Board may authorize the parties to submit their differences to *mediation*. [3 V.S.A. § 925\(a\)](#).
- If after the appointment of the mediator the impasse is not resolved, the mediator certifies to the Board that the impasse continues and the Board shall appoint a *fact finder*. [3 V.S.A. § 925\(b\)](#).
- The fact finder conducts hearings and files written *findings and recommendations*. [3 V.S.A. § 925\(d\), \(g\)](#).
- If the dispute remains unresolved, each party submits to the Board its *last best offer*. [3 V.S.A. § 925\(i\)](#).
- The Board *shall select between the last best offers* of the parties, considered in its entirety without amendment. [3 V.S.A. § 925\(i\)](#).
 - If the Board finds both parties' last best offers are unreasonable and likely to produce undesirable results, or likely to result in a long-lasting negative impact upon the parties' collective bargaining relationship, the Board may select the

¹ Collective bargaining agreements, except those affecting VSC and UVM, shall be for a maximum of two years. [3 V.S.A. § 982\(a\)](#).

² A list of the subjects for bargaining is set forth in [3 V.S.A. § 904\(a\)](#).

recommendation of the fact finder as to the disputed issues submitted in the last best offers. [3 V.S.A. § 925\(j\)](#).

- In the case of the State, *the decision of the Board shall be final*, and the terms of the chosen agreement *shall be binding* on each party, *subject to the appropriations in accordance with 3 V.S.A. § 982(d)*. [3 V.S.A. § 925\(k\)](#).
- When the parties are unable to reach agreement in collective bargaining and the Board recommends an agreement in accordance with 3 V.S.A. § 925(k), the Board shall determine the cost of the agreement selected and request the General Assembly to appropriate the amount determined to be necessary to implement it. [3 V.S.A. § 982\(d\)](#).
 - If the General Assembly chooses to appropriate sufficient funds, *the agreement shall become effective* at the beginning of the next fiscal year. [3 V.S.A. § 982\(d\)](#).
 - If the General Assembly appropriates less than the amount requested, *the terms of the agreement affected* by the lesser appropriation shall be renegotiated based on the amount of the funds actually appropriated, and *the agreement with the negotiated changes shall become effective* at the beginning of the next fiscal year. [3 V.S.A. § 982\(d\)](#).
- As set forth in the Board's memorandum and decision, the parties' last best offers indicate that the parties disagree on the following five issues:
 - 1) wages;
 - 2) weekend shift differential;
 - 3) overtime compensation;
 - 4) grievance arbitration; and
 - 5) background checks. Board Decision, pg. 1.
- Last best offers of the parties re: compensation. Board Decision, pg. 2:
 - State:
 - *Year 1*: Step increase (1.7% historically; 1% approx. cost), plus an additional across-the-board increase of 1% (except for State Police Lieutenants, who have a different step plan and would get an additional 0.5% across-the-board increase).
 - *Year 2*: 1.9% approximate cost of step, plus an additional across-the-board increase of 1.25% (except for State Police Lieutenants, who have a different step plan and would get an additional 0.5% across-the-board increase).
 - VSEA (as recommended by fact finder):
 - *Year 1*: Steps plus an additional across-the-board increase of 2%.
 - *Year 2*: Steps an additional across-the-board increase of 2.25%.
- The Board, in a 3-2 decision, chose the last best offer of the VSEA. Board Decision, pg. 17.
- The 2016 Pay Act, draft 1.1, would allow increases for all employees – classified and exempt in all three Branches – in accordance with Board decision. For exempts, this would mean 3.7% in FY17 and 3.95% in FY18.