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March 12, 2018

HAND DELIVERED

Timothy J. Noonan, Executive Director
Vermont Labor Relations Board
13 Baldwin Street
Montpelier, VT 05602

Re: VLRB Docket No. 17-44, Last Best Offers of State of Vermont – Vermont State Employee's Association

Dear Tim:

Enclosed please find the affidavit of Commissioner Adam Greshin. Commissioner Greshin is travelling today and is unable to sign and swear to this affidavit so, we have signed for him in order to file this affidavit today. Commissioner Greshin will be returning tomorrow and his signed and notarized affidavit will be filed tomorrow. Thank you and appreciate your understanding and patience.

Sincerely,

Colin K. McNeil, Esq.
McNeil, Leddy and Sheahan, P.C.
Attorneys for the State of Vermont

CC: John Berard
Gary Hoadley
Tim Belcher
Gretchen Naylor

VERMONT STATE EMPLOYEES')	
ASSOCIATION)	
)	Vermont Labor Relations Board
and)	Docket No. 17-44
)	
STATE OF VERMONT)	LAST BEST OFFER
(NON-MANAGEMENT UNIT, SUPERVISORY)	
UNIT, and CORRECTIONS UNIT)	
NEGOTIATIONS)	

AFFIDAVIT OF ADAM M. GRESHIN

NOW COMES Adam M. Greshin, hereby stating as follows:

1. I am the Commissioner of Finance and Management for the State of Vermont.
2. I testified before the Factfinder in this matter on December 15, 2017, and my testimony is at pages 71-91 of the transcript of those hearings.
3. Subsequently, I have reviewed pertinent portions of the following:
 - My testimony of December 15, 2017;
 - The State's January 12, 2018 Post-Factfinding Brief;
 - The Factfinder's Recommendations of February 7, 2018;
 - The State's February 28, 2018 Last Best Offer letter to the Vermont Labor Relations Board;
 - The VSEA's February 28, 2018 Last Best Offer letter to the Vermont Labor Relations Board; and
 - The State's March 9, 2018 Last Best Offer Cost comparisons memorandum to the Vermont Labor Relations Board.
4. Having reviewed the Factfinder's Recommendations and Report, I am disappointed that it appears to demonstrate that Mr. Boulanger failed to take into consideration or analyze, evaluate and make findings with regard to the Governor's and Legislature's priorities,

and the limitations on state spending that are necessary for this State's economic vitality and sustainability that I pointed out with particularity in my testimony during the factfinding hearing.

5. It is my hope and indeed the Administration's reasonable expectation that these priorities and limitations will be taken much more seriously by the Labor Relations Board during these proceedings. With this affidavit, it is my intention to further highlight those priorities and limitations that the Factfinder appeared to disregard.
6. The Governor was elected by a very large margin and he made his priorities both during the campaign and with our Legislature since being elected very clear. These priorities that must be addressed are:

- Economic growth and growth in the State's private labor force.
- Affordability.
- Protecting the most vulnerable.

These three economic priorities are often represented by the Governor with the numbers 6-3-1. The State loses on average six (6) people from the labor force every day; The State loses on average three (3) children from the State's public schools every day; and, on average, one child is born to an opiate-addicted parent in the State of Vermont every day.

The first two numbers of 6-3-1 represent a demographic challenge that in many ways points to the idea that we have to provide a boost to the State's economy and we have to provide jobs for people to come here but, importantly, we also have to maintain a level of affordability so young families that have children and are ready to work will move to Vermont and stay in Vermont. These numbers also provide one reason why our

revenues are not growing as quickly as they normally would in this stage of an economic upturn.

The last number of 6-3-1 represents the State's severe substance and opiate abuse problem. This is perhaps the foremost challenge facing the State of Vermont at this time. The State already devotes significant resources to this issue and yet it still remains one of the largest problems that the State is facing. Resources in addition to what is already devoted will need to be made available if the State is to continue to engage in efforts to reduce the impact this problem has on the citizens of the State.

7. The State is facing important limitations on State spending that the factfinder did not appear to take into consideration:

- a) Budget gap. Despite the fact that the economy is experiencing one of the longest economic expansions in our history, the State of Vermont still faced a budget gap of approximately forty-five million dollars (\$45,000,000) at the beginning of the fiscal year. The cause of this budget gap is that the growth in the State's revenue base is not proceeding at the same pace as the growth in our expenditure base.
- b) Increased cost pressures.
 - i. In addition to the funding that is required to address the substance and opiate abuse problem outlined above, the State also faces massive infrastructure needs. The State has buildings that leak, roads that need repair, we have new investments that need to be made to our facilities. Frankly, the infrastructure pressures are punishing.

The State faces increasing cost pressures simply to continue funding the government without programmatic changes. This level of funding is termed a “current services budget”.

1) One example of this is the increase cost of the actuarial required contribution for employee retirement funds. The State is required to pay an additional sixteen million dollars (\$16,000,000) to the teacher’s retirement system, an additional four million dollars (\$4,000,000) for teachers’ benefits, and an additional eight million dollars (\$8,000,000) transfer from the State’s general fund to the State’s education fund resulting in a total of over \$130 million dollars paid to teacher’s retirement fund and over \$320 million dollars general fund dollars transferred to the education fund.

2) Another example is the annual increases in wage and benefits that need to be funded.

8. The Factfinder also appeared to take no consideration of the Governor’s budget. In creating the budget, the Governor first instructed all departments and agencies of State government to “level fund” their budgets, meaning they are not to make any changes to their resource requests. Secondly, the Governor asked all departments and agencies of the State government to be innovative, to work within existing resources to make changes, to invest in opportunities, and to do what you think is right but work within existing resources.

9. Most importantly, the Governor issued the same instructions to all Departments and Agencies of State Government: do not grow by more than 2.36%.

10. Thus, all departments and agencies in State government have submitted budgets to the Governor that manage their budgets to allow for a maximum growth of no more than 2.36%.
11. This 2.36% growth restriction was also issued to the Department of Human Resources. The wage proposal made by the State in these Last Best Offer proceedings meets the instruction of the Governor to grow by no more than 2.36%.
12. It is the opinion of the Administration that maintaining a budget that allows for a maximum of 2.36% growth creates a sustainable approach to the finances of the State of Vermont.
13. The Last Best Offer of the VSEA does just the opposite. With a total cost of \$22,045,313 in FY 19, the VSEA's wage proposal would consume a majority of the available growth funds (approx. \$37,000,000) for all State departments and agencies. If such a proposal were accepted by the Labor Relations Board, there would be little money available for any growth in any State department or agency for funding that is desperately needed for, among other needs, the Governor's priorities, the State's failing infrastructure, and our opiate and substance abuse problems.
14. I submit this affidavit with an understanding of the State of Vermont's present financial circumstances, 84 days after the hearing before the Factfinder.
15. The foregoing is made upon my own knowledge, information and belief.

Dated at Rutland, Vermont this 12th day of March, 2018.

Adam M. Greshin FOL:

Adam M. Greshin

STATE OF _____
COUNTY OF _____, ss.

At _____, in the County and State aforesaid, this ___ day of March 2018, personally appeared Adam M. Greshin, who acknowledged this instrument, by him sealed and subscribed, to be his free act and deed.

Notary Public

My Commission Expires: _____