



VERMONT LEGISLATIVE Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://ljfo.vermont.gov>

Fiscal Note

March 24, 2026

Aimée Pope, Associate Fiscal Officer

H.950– An act relating to compensation for certain State employees (Pay Act)

As Introduced by the House Committee on Government Operations and Military Affairs, Draft ¹

Bill Summary

This bill proposes to enact the Pay Act for fiscal years 2027 and 2028. It fully funds the first and second years of collective bargaining agreements between the State of Vermont and the Vermont State Employees' Association (VSEA) and the Vermont Troopers' Association (VTA) for the period of July 1, 2026 through June 30, 2028. The bill establishes the compensation structure for classified, exempt, and statutory salary employees across all three branches of State government. The bill takes effect July 1, 2026.

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Fiscal Impact

Approximately \$59.1 million and \$59.8 million would need to be appropriated in fiscal years 2027 and 2028, respectively, to pay for the costs of estimated increases across all three branches of government.

Background and Details

For fiscal years 2027 and 2028, the average value of steps will be 1.9%. Actual steps that are received vary upon employee pay plan. Not every employee receives a step each year. The across-the-board (ABI) increase will be a 2% in July 2026 and 2% in January 2027. This will result in an approximate annual rate of adjustment of 5.9% in fiscal year 2027. The ABI increase will be 3% in July 2027, which will result in an approximate annual rate of adjustment of 4.9% (*Table 1*).

The Judicial and Legislative Branches traditionally follow the annual rate of adjustment negotiated in the Executive Branch.

The bill also amends 32 V.S.A. §§ 1003, 1141, 1142, 1182, and 1183 to reflect updated salary schedules for executive officers, judicial officers, probate judges, assistant judges, sheriffs, and state's attorneys.

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations. The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.*

Table 1: Annual Rate of Adjustment

Fiscal Year	Step Increase (average)	Across-the-Board Increase	Annual Rate of Adjustment
2027	1.90%	2% (July 2026 and January 2027)	~5.9%
2028	1.90%	3% (July 2027)	~4.9%

Section 2: Authority to Extend Provisions to Employees Not Covered By Bargaining Agreements

Section 2 of the bill provides the Executive, Judicial, and Legislative Branches the option to extend the fiscal year provisions of the collective bargaining agreements to employees not covered by bargaining agreements. Each branch separately determines this in accordance with the appropriations provided.

Sections 4-9: Statutory Salary Adjustments

Sections 4 through 9 amend statute that sets salaries for elected officers, heads of departments, officers of the Judicial Branch, sheriffs, and state's attorneys. These salaries are adjusted using the annual rate adjustment.

Appropriations

The total Pay Act appropriations for fiscal years 2027 and 2028 can be found in tables 2 and 3. The Governor's recommend fiscal year 2027 budget for reserves funding for the cost of the Pay Act in fiscal year 2027 and is accounted for in the overall construct of the Big Bill.

Table 2: FY 27 Appropriations - Pay Act

Branch	GF	TF	Other	Total
Executive	23,918,820	3,000,000	27,184,607	54,103,427
Judicial	3,800,867		277,316	4,078,183
Legislative	914,634	-	-	914,634
Total	28,634,321	3,000,000	27,461,923	59,096,244

Table 3: FY 28 Appropriations - Pay Act

Branch	GF	TF	Other	Total
Executive	24,974,632	3,000,000	28,362,343	56,336,975
Judicial	2,466,396		179,952	2,646,348
Legislative	778,939		-	778,939
Total	28,219,967	3,000,000	28,542,295	59,762,262

Notes on Fund Sources

General Fund: For the Executive Branch, appropriations are made from the General Fund to the Secretary of Administration for distribution to departments to fund the collective bargaining agreements and the requirements of this act. The other two branches receive direct appropriations.

Transportation Fund: Appropriated from the Transportation Fund to the Secretary of Administration for distribution to the Agency of Transportation (AOT).

Other Funds: The Administration provides additional spending authority to departments through the existing process of excess receipts. These amounts represent estimated funding from special funds, federal funds, and other sources.