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*Justin Johnson, Secretary*

## MEMORANDUM

**TO:** Appointing Authorities

**FROM:** Justin Johnson, Secretary of Administration

**DATE:** June 5, 2015

**SUBJECT:** Fiscal Year 2016 Salary Adjustments

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It is the time of year for salary adjustments. This memo will provide information on salary adjustments for classified, exempt and temporary employees for FY 2016.

### CLASSIFIED EMPLOYEES

In accordance and consistent with the July 1, 2014 through June 30, 2016 collective bargaining agreements, and FY 2015 Pay Act provisions, the following guidelines will apply to salary increases for classified employees.

Most classified employees will receive a 2.5% salary increase, with the caveats explained below. In addition, many classified employees will also receive a step increase during the fiscal year; the current average value of a step is 1.7%. Salary increases for classified employees will be implemented automatically by the Department of Human Resources.

Any classified employee whose salary is above the maximum for the pay grade on July 12, 2015 shall receive a salary increase and/or a lump sum payment (pro-rated for part-time employment), as specified in Section 3 of the salaries and wages article of the collective bargaining agreements.

Also in accordance with the collective bargaining agreements, permanent or limited status employees who were classified employees as of July 11, 2015, and whose salary after application of the 2.5% hourly adjustment is less than \$12.48 per hour, will be entitled to receive one-quarter of the difference between their annualized salary and \$25,958 at the beginning of each calendar quarter, so long as their annualized salary is still less than \$25,958 at the beginning of each respective quarter.

## EXEMPT EMPLOYEES

Salary increases for exempt state employees are implemented at the discretion of the Secretary of Administration, subject to the approval of the Governor. The Governor has accepted my recommendations as specified below.

**Employees whose salaries are fixed in statute:** Annual salaries for elected state officials and certain others are set by statute. However, they may voluntarily follow the \$1,664 annualized maximum increase, as outlined below. Any questions on these salaries should be directed to Commissioner Spellman at the Department of Human Resources.

**Exempt Employees Not Covered by a Pay Plan:** Salary increases for those exempt employees not covered by a pay plan, including agency and department heads, their deputies, executive or principal assistants, and private secretaries will be 3% for employees with an annualized salary of \$55,000 or less as of July 12, 2015. Employees with an annualized salary of greater than \$55,000 will receive an annualized increase of \$1,664. Exempt employees who are not performing at a minimum satisfactory level may have salary increases withheld or deferred. For exempt employees hired after January 1, 2015, salary increases may be withheld or deferred until the employee has completed any required probationary period or has been employed for six months. If you would like to withhold or defer an increase from an exempt employee in your agency or department, you must advise Douglas Pine, Deputy Director, Staffing & Compensation in writing at [doug.pine@state.vt.us](mailto:doug.pine@state.vt.us) by close of business on June 19, 2015.

In addition, requests for merit increases of up to 2.0% will be considered by the Secretary of Administration on a case-by-case basis for implementation in conjunction with the annual salary increases, which must be paid for within your existing budgets. Where a salary is close to the maximum within the appropriate range, a merit may be awarded as a lump sum, not as an increase to base salary. Merit increase recommendations must be based on outstanding performance and a memo of justification must be submitted to Commissioner Spellman at [maribeth.spellman@state.vt.us](mailto:maribeth.spellman@state.vt.us) no later than close of business on June 19, 2015.

**Exempt Employees Covered by a Pay Plan:** Exempt employees who are covered by an exempt pay plan will receive a 3% increase for employees with an annualized salary of \$55,000 or less as of July 12, 2015. Employees with an annualized salary of greater than \$55,000 will receive an annualized increase of \$1,664. Exempt employees who are either not performing at a minimum satisfactory level or whose current salary is near, at, or above the salary range maximum may have any salary increases withheld or deferred. For exempt employees hired after January 1, 2015, salary increases may be withheld or deferred until the employee has completed any required probationary period or has been employed for six months. If you would like to withhold or defer an increase from an exempt employee in your agency or department, you must advise Douglas Pine, Deputy Director, Staffing & Compensation in writing at [doug.pine@state.vt.us](mailto:doug.pine@state.vt.us) by close of business on June 19, 2015.

In addition, merit increases consistent with the terms of the exempt pay plans will be considered on a case-by-case basis for implementation in conjunction with the annual salary increases this year. Where an employee is closer to the salary maximum, the merit may be given in a lump sum award not as an increase in base salary. These merit increases must be paid from a department's existing budget. Merit increase recommendations must be based on outstanding performance and a memo of justification must be submitted to Commissioner Spellman at [maribeth.spellman@state.vt.us](mailto:maribeth.spellman@state.vt.us) no later than close of business on June 19, 2015.

**Exempt Judicial and Legislative Employees:** Exempt employees in the judicial and legislative branches will have their salaries adjusted by their respective branch.

## TEMPORARY EMPLOYEES

Effective July 12, 2015, the temporary pay plan will be increased by 2.5%, and adjusted to reflect the January 1, 2016 statutory minimum wage of \$9.60. All temporary employees in pay grades 5 through 32 who are currently slotted on a step in the temporary pay plan will be increased to the new value of their current pay grade and step.

Salary increases for temporary employees in exempt roles such as attorneys and law clerks (not in pay grades 5 through 32) are at the discretion of the appointing authority.

If you have any questions, please contact Maribeth Spellman, Commissioner of Human Resources at [maribeth.spellman@state.vt.us](mailto:maribeth.spellman@state.vt.us) or Douglas Pine, Deputy Director, Staffing & Compensation at [doug.pine@state.vt.us](mailto:doug.pine@state.vt.us).

cc: Maribeth Spellman, Commissioner of Human Resources  
Harold Schwartz, HR Director of Operations  
Douglas Pine, Deputy Director, Staffing & Compensation