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Susanne R. Young, Secretary

TO: Appointing Authorities

FROM: Susanne Young, Secretary of Administration 

DATE: June 5, 2017

SUBJECT: Fiscal Year 2018 Salary Adjustments

In accordance and consistent with the July 1, 2016 through June 30, 2018 collective bargaining agreements, and FY 2018 Pay Act provisions, the following guidelines will apply to salary increases for classified, exempt and temporary employees.

CLASSIFIED EMPLOYEES

Most classified employees will receive a 2.25% 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 their pay grade on July 9, 2017 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 8, 2017, and whose salary after application of the 2.25% 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. This discretion is limited by the funding provisions of the Pay Act.

Salary increases for exempt state employees, by Pay Act, could be as high as the average rate of adjustment for classified employees, which is 3.95% for FY 18. The 3.95% represents the bargained 2.25% across the board increase for classified employees plus the average value of step increases of 1.7%. Keep in mind that many classified employees do not receive a step increase every year and so many classified employees will be receiving just the 2.25% increase for the next fiscal year.

Employees whose salaries are fixed in statute:

Annual salaries for elected state officials and certain others are set by statute (32 V.S.A. § 1003 (a)). These officials should direct any questions or requests to reduce their FY 2018 salary to Commissioner Fastiggi at the Department of Human Resources.

Exempt Employees Not Covered by a Pay Plan:

The decision to award increases to agency and department heads whose base salary is set in statute 32 V.S.A. § 1003 (b)(1), to their deputies and to executive office staff, is deferred to a later date in FY 2018. This decision will be made after the receipt of FY 2018 revised revenue estimates in July and related adjustments, if necessary.

All other exempts not covered by a pay plan, including executive or principal assistants and private secretaries will receive a 2.25% salary increase. 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, 2017, 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, please submit a memo with this request to the attention of Douglas Pine, Deputy Director, HR Operations to DHR.ExemptPay@vermont.gov by close of business on June 16, 2017.

In addition, requests for merit increases of up to 2.25% will be considered by the Secretary of Administration on a case-by-case basis for implementation in conjunction with the annual salary increases. Please note that any merit increases 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 will be very closely reviewed and must be based on extraordinary performance and overall contribution. A detailed memo of justification must be submitted to Commissioner Fastiggi at DHR.ExemptPay@vermont.gov no later than close of business on June 16, 2017.

Exempt Employees Covered by a Pay Plan (Attorney Pay Plan, State's Attorney's and Defender General's Pay Plan, Executive Director Pay Plan, Public Service Board Pay Plan, VLRB Pay Plan, and Correctional Facility Superintendent Pay Plan): Exempt employees who are covered by an approved exempt pay plan will receive a 2.25% salary increase. 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, 2017, 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, please submit a memo with this request to the attention of Douglas Pine, Deputy Director, HR Operations to DHR.ExemptPay@vermont.gov by close of business on June 16, 2017.

Merit increases consistent with the conditions of the exempt pay plans will be considered during FY 2018 on a case-by-case basis. Ordinarily these merit requests coincide with an incumbent's annual review. These merit increases must be paid from a department's existing budget. Merit increase recommendations must be submitted following the conditions of the applicable plan.

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 9, 2017, the temporary pay plan will be increased by 2.25%, and adjusted to reflect the January 1, 2018 statutory minimum wage of \$10.50. 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 Beth Fastiggi, Commissioner of Human Resources at beth.fastiggi@vermont.gov or Douglas Pine, Deputy Director, HR Operations at doug.pine@vermont.gov.

cc: Beth Fastiggi, Commissioner of Human Resources
Harold Schwartz, HR Director of Operations
Douglas Pine, Deputy Director, HR Operations