

VERMONT LABOR RELATIONS BOARD

VERMONT STATE EMPLOYEES'  
ASSOCIATION, INC.

and

STATE OF VERMONT

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DOCKET NO. 91-74

MEMORANDUM AND DECISION

At issue is selection by the Vermont Labor Relations Board between the last best offers of the Vermont State Employees' Association ("VSEA") and the State of Vermont ("State") with respect to successor collective bargaining agreements to the present agreements between the parties effective until June 30, 1992. The parties have proceeded through the statutory impasse resolution procedures of mediation and factfinding, and have resolved all issues except: 1) wages, and 2) rate of salary increase upon promotion. Each party submitted its last best offer on those issues. Oral argument on the last best offers occurred on March 16, 1992, before Vermont Labor Relations Board Members Charles McHugh, Chairman; Catherine Frank and Louis Toepfer in the Board hearing room in Montpelier.

Pursuant to the Vermont State Employees' Labor Relations Act, 3 VSA §901 et seq. ("SELRA"), the Board now is to select between the last best offers of the parties, considered in their entirety without amendment. 3 VSA §925 (1). We first will set forth the differences between the parties on the two unresolved issues of wages and rate of salary increase upon promotion.

### Wages

The 1990-92 Agreements between the parties provides in pertinent part as follows with respect to a Step Pay Plan:

...4. Step Advance - During each fiscal year, and at the beginning of the first full bi-weekly payroll period following the employee's Step Date, employees shall advance to the next higher step in their pay grade upon completion of the required time on Step.

5. The required time on each step in the Step Pay Plan shall be as follows:

Step 1 - (probation) - normally 6 mos.	Step 9 - two years
Step 2 - (EOP) one year	Step 10 - two years
Step 3 - one year	Step 11 - two years
Step 4 - one year	Step 12 - two years
Step 5 - one year	Step 13 -three years
Step 6 - two years	Step 14 -three years
Step 7 - two years	Step 15 -final step
Step 8 - two years	

...

(Salaries and Wages Article of Agreements)

Factfinder Bruce Fraser made the following recommendation with respect to wages:

The parties should agree to a two-year agreement with:

#### Year One

- i) All employees eligible to move upward to a higher step will do so;
- ii) No increase will be made to the salary schedule.

#### Year Two

- i) All employees eligible to move upward to a higher step will do so;
- ii) An increase of 2.5 percent will be made to the salary schedules;
- iii) All employees on the top step of their salary schedules will receive a lump sum equal to 2.5 percent of their salary.

(Factfinders Report and  
Recommendations, Page 16)

VSEA, in its last best offer, accepted the recommendation of the factfinder with respect to this issue. The State accepted the factfinder's recommendation for a contract with a duration of two years, but rejected the factfinder's recommendation on wages for the two-year period.

The State's last best offer on wages is as follows:

Year One

- A. No increase shall be applied to the salary schedule, as recommended by the factfinder's report.
- B. All step advancement increases shall be postponed by adding one year to every employee's current step advancement date.

Year Two

- A. 2.5 percent across-the-board wage increase applied to each step in the salary schedule, effective at the beginning of the first full payroll period in July 1993. Employees over the maximum for their pay grade would receive a lump sum payment equivalent to 2.5 percent of their base hourly rate, annualized, and prorated for part-time employment.
- B. Step advancement under the Pay Plan, effective on the modified step advancement dates as proposed for FY93.  
(State's Last Best Offer, Pages 2-3)

Thus, the parties differ as to whether step increases shall be granted during the first year of the Agreements. VSEA proposes that all employees eligible to move upward to a higher step will do so. The State proposes that all step advancement increases shall be postponed by adding one year to every employee's current step advancement date.

Step increases result in an 1.9 percent annual increase in the total cost of employee base salaries, which amounts to \$3.8 million. This is calculated using an average value of a step as 3.25 percent with 61 percent of the classified workforce scheduled to receive steps in the course of any year. Step advancement takes place throughout any year on a generally equal

distribution of step advancement dates. Therefore, in any given fiscal year, one-half the annualized cost of step increases, \$1.9 million, goes toward paying for step advancement in the previous fiscal year, and half for step advancement in the current fiscal year.

Thus, VSEA's last best offer on this issue is \$1.9 million higher than the State's last best offer in each of the two years of the Agreements (See Attachment A).

Rate of Salary Increase Due to Promotion

The 1990-92 Agreements provide as follows with respect to salary increases upon promotion:

Upon promotion, upward reallocation or reassignment of a position to a higher pay grade, an employee covered by this Agreement shall receive a salary increase by being slotted onto that step of the new pay grade which would reflect an increase of at least 8 percent over the salary rate prior to promotion... (Salaries and Wages Article of Agreement).

The factfinder made the following recommendation on this issue:

The parties should agree that effective the first payroll period in which there is an across-the-board increase (a COLA), rates of increase on promotion, interims, higher assignment pay, upward reallocations, upward reclassification, and upward reassignments should be:

- 5 percent for one or two grades
- 8 percent for three or more grades

Employees such as the State Police who receive an automatic promotion shall be subject to this recommendation effective June 30, 1993 (Factfinders Report and Recommendations, Page 5).

The State, in the last best offer, accepts the recommendation of the factfinder with respect to this issue.

VSEA proposes to modify the factfinder's recommendation as follows: 1) promotional increases will be reduced from 8 percent to 5 percent beginning in Year One, instead of Year Two; and 2) employees who receive automatic, planned promotions as part of a job series would not be affected by this provision (VSEA Last Best Offer, Page One).

The VSEA offer to advance the factfinder's recommendation on this issue to the first year of the Agreement results in cost savings of an additional \$900,000 beyond that reflected in the factfinder's recommendation and the State's last best offer (i.e., \$450,000 in each year of the Agreements).

#### Discussion

We are required by statute to choose between the last best offers of the VSEA and the State, considered in their entirety without amendment. Upon consideration of all the circumstances, we have come to the conclusion that VSEA has the "best offer". As a citizen board, we are mindful of the public interest and have determined that VSEA's offer is more reasonable and in the public interest.

In reaching our conclusion, it is significant to us that the VSEA offer, contrary to the State's offer, maintains, without pause, a pay plan containing step increases based on experience, which has been included in the parties' collective bargaining agreements for the past six years. The factfinder, in recommending that the step plan be fully implemented in each year of the Agreements, stated:

In 1986, the parties negotiated salary schedules for State employees in which there are steps reflecting years of experience in a position. These schedules became a part of the parties' Agreement, and there is language in the Agreements referencing upward step movement. In short, there is an expectation, bolstered by negotiated language and a brief experience, that eligible employees will move upward in each year of an agreement (Factfinder's Report and Recommendations, Page 14).

We concur with the factfinder. In addition, we are reluctant, through the last best offer procedure, to disturb status quo language on such a significant issue as a compensation structure based on experience. A change in the status quo is better achieved through negotiations agreement by the parties, not by fiat of the Board.

Also, in addition to foregoing any wage increase in Year One based on the usual and historically significant pressures of inflation, we find of significance that VSEA's last best offer has further mitigated the effect of the cost of maintaining the step pay plan by advancing by one year the factfinder's recommendation on reducing promotional increases. This advancing of the factfinder's recommendation on reducing promotional increases results in additional cost savings of \$900,000 (i.e. \$450,000 in each year of the Agreements). As a result, the difference in costs between the VSEA and the State last best offers in each year of the Agreements is reduced to \$1.457 million. In the context of a State budget that is in the hundreds of millions of dollars, this relatively modest difference in costs to maintain the status quo compensation structure is most reasonable and in the public interest.

Also, we have considered the comparability of State employees' wages with that of other employees. We accept the factfinder's conclusion that State employees are currently positioned well relative to other employees and that comparability will not be significantly altered by such a wage recommendation as we are making today (Factfinder's Report and Recommendations, Page 15). This does nothing to change our view that VSEA's offer is the most reasonable.

Finally, we note that, in considering which offer to select in this case, we have not concerned ourselves with the issue of ability to pay. In selecting between the last best offers of the Vermont State Colleges and the Vermont State Colleges Faculty Federation, the Board previously has indicated that "we do this not only because there is no statutory direction that we consider (ability to pay), but also because ability in this case is a political, rather than a financial, issue". Vermont State Colleges' Faculty Federation and Vermont State Colleges, (VLRB Docket No. 80-74, Memorandum and Decision, Page 7, March 12, 1981). Such reasoning equally applies to negotiations between the State and the VSEA. It is up to the Vermont General Assembly to determine the funds it wishes to make available to support State government.

SELRA provides that, in selecting between the last best offers, "the board shall recommend its choice to the general assembly as the bargaining agreement which shall become effective subject to appropriations by the general assembly." 3 VSA §925(i). In addition to the last best offer on disputed issues

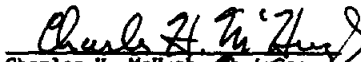
selected by the Board, the parties have stipulated that the Agreements we recommend to the Vermont General Assembly incorporate by reference the following:

1. Agreements between the State and VSEA for the Non-Management Unit, the Supervisory Unit, the Corrections Unit and the State Police Unit, effective July 1, 1990, to June 30, 1992; and
2. Tentative agreements between the parties to modify the agreements listed in paragraph 1. A list of such tentative agreements is attached hereto as Attachment B.

Pursuant to the parties' stipulation, these are incorporated herein by reference. 3 VSA §925(1) also provides that the Board "shall determine the cost of the package selected and request the appropriations necessary to fund the recommendation". Attachment A to this decision contains a breakdown of the costs associated with the VSEA last best offer which we have selected. In sum, the cost of the package selected is \$1,672,700 for Fiscal Year 1993, and \$8,258,000 for Fiscal Year 1994. The Board hereby requests that these amounts be appropriated to fund this recommendation.

Dated this 30<sup>th</sup> day of March, 1992, at Montpelier, Vermont.

VERMONT LABOR RELATIONS BOARD

  
Charles H. McHugh, Chairman

  
Catherine L. Frank

  
Louis A. Toepfer



ATTACHMENT A

**SUMMARY COST ANALYSIS  
STATE'S LAST BEST OFFER - FACTFINDER'S RECOMMENDATION -  
VSEA'S LAST BEST OFFER**

<u>ITEM</u>	<u>STATE'S LBO COST</u>	<u>FACTFINDER'S REPORT COST</u>	<u>VSEA LBO COST</u>
Steps	\$ -0-	\$ 1,907,000	\$ 1,907,000
Salary Increase	-0-	-0-	-0-
Costs Other than Steps/Salaries*	<u>215,700</u>	<u>215,700</u>	<u>(234,300)</u>
Sub Total FY93	\$ 215,700	\$ 2,122,700	\$ 1,672,700
Steps	1,907,000	3,814,000	3,814,000
Salary Increase	5,018,300	5,018,300	5,018,300
Costs Other than Steps/Salaries*	<u>(124,300)</u>	<u>(124,300)</u>	<u>(574,300)</u>
Sub Total FY94	\$ 6,801,000	\$ 8,708,000	\$ 8,258,000
L FY93 & FY94	\$ 7,016,700	\$ 10,830,700	\$ 9,930,700
Rollout (Steps)	1,907,000		

\* VSEA's Last Best Offer Cost differs from the State Last Best Offer Cost and Factfinder's Report Cost with respect to costs other than Steps/Salaries, in both FY93 and FY94, because VSEA's offer with respect to rate upon promotion results in additional costs savings of \$450,000 in each year. The parties agree that the costs of all other non-step/salaries items agreed upon by the VSEA and the State are as follows:

<u>ITEM</u>	<u>FY93</u>	<u>FY94</u>
<b>MASTER</b>		
Flexible Spending Acct.	\$ -0-	\$ 42,000
Rate on Promotion (without VSEA LBO)	-0-	(450,000)
Annual Leave Buyout	(50,000)	(100,000)
Holiday Floater	(100,000)	(100,000)
Child Care	250,000	250,000
RIF Health Benefit	30,000	30,000
<b>BARGAINING UNITS:</b>		
Non-Management Tuition	**	75,000
Supervisory Tuition	**	25,000
Corrections Weekend Diff.	9,600	9,600
Supervisor Standby Cap	2,500	2,500
State Police Tuition	20,000	20,000
State Police Advancement	6,600	6,600
State Police Special Teams	7,000	7,000
State Police Physical Fitness	-0-	18,000
State Police Relocation Pay	<u>40,000</u>	<u>40,000</u>
<b>TOTAL</b>	<b>\$215,700</b>	<b>\$(124,300)</b>

ATTACHMENT B

LIST OF TENTATIVE AGREEMENTS BETWEEN  
THE STATE OF VERMONT AND VSEA

MASTER:

VSEA Rights  
Child Care  
Labor Management Committee  
Disciplinary Action  
Grievance Procedure  
Classification Review/Grievance  
Holidays  
Annual Leave  
Military Leave  
Higher Assignment Pay  
Salaries and Wages (partial)  
State Health Insurance Plans  
Reduction In Force  
Commercial Drivers License  
Termination of Agreement

NON-MANAGEMENT UNIT:

VSEA Rights  
No Discrimination, Affirmative Action  
Labor Management Committee  
Performance Evaluation  
Grievance Procedure  
Fish and Wildlife Wardens  
Work Shift/Work Week  
Liquor Store Closing  
Casework Distribution Equity  
Training  
Overtime  
On-Call, Standby, Available  
Tuition Reimbursement  
AOT Engineers and Technicians  
Clothing allowance  
AOT Appraisers License  
Clerk Dispatcher Schedules

SUPERVISORY UNIT:

VSEA Rights  
No Discrimination, Affirmative Action  
Labor Management Committee  
Performance Evaluation  
Grievance Procedure

ATTACHMENT B  
(continued)

SUPERVISORY UNIT (continued)

Fish and Wildlife Supervisors Stipend  
Training  
Overtime Compensation  
Tuition Reimbursement  
AOT Engineers and Technicians  
AOT Appraisers License  
On-Call, Standby, Available  
Annual Leave  
Personal Leave  
Corrections Supervisors:  
    Shift Selection  
    Competency Training  
    Weekend Differential  
    Life Insurance  
State Police Supervisors  
    Physical Fitness Program  
    Special Teams  
    Duty Officer  
    Relocation Pay

CORRECTIONS UNIT:

VSEA Rights  
No Strike Clause  
Labor Management Committee  
Vacancies and Promotions  
Regular Work Year  
Employee Work Week, Work Shift  
Institutional Nurses Uniforms  
Competency Training  
Weekend Differential  
Field Service Workday  
Life Insurance  
Overtime Compensation  
Corrections Instructors Training  
Field Service Security Issues

STATE POLICE UNIT

No Strike Clause  
Performance Evaluation  
Administrative Rules  
Regular Hours and Overtime  
Tuition Reimbursement  
Higher Assignment Pay  
Physical Fitness Program and Assessment  
Step Advancement  
Special Teams  
Relocation Pay  
Residency  
Shift Assignments