

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Hardy Merrill, Deputy Commissioner, Department of Finance and Management  
**RE:** Report on FY 2024 Pay Act Allocations (per 3 VSA Sec 2281(4))  
**DATE:** November 6, 2023

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Please find attached the report on distribution of the FY 2024 Pay Act.

The FY 2024 Pay Act appropriations were made in Act 185 of 2022 as follows:

Executive Branch

|              |                     |                    |
|--------------|---------------------|--------------------|
| \$19,029,823 | General Fund        | Sec.F.109(a)(1)(A) |
| \$2,500,000  | Transportation Fund | Sec.F.109(a)(1)(B) |

Judicial Branch

|             |              |                 |
|-------------|--------------|-----------------|
| \$1,803,013 | General Fund | Sec.F.109(b)(2) |
|-------------|--------------|-----------------|

Legislative Branch

|           |              |                 |
|-----------|--------------|-----------------|
| \$776,000 | General Fund | Sec.F.109(c)(1) |
|-----------|--------------|-----------------|

*Please note, final Executive Pay Act transfers occur near the end of the fiscal year and may differ from transfers listed in the attached schedule based on an assessment of each department's final need. Judicial and Legislative Pay Act transfers occur at the beginning of the fiscal year and typically match the amount appropriated.*

Currently, there is a \$1,784,789 surplus between the Executive General Fund Pay Act appropriation and the Executive General Fund Pay Act need and a \$977,325 deficit between the Executive Transportation Fund Pay Act appropriation and the Executive Transportation Fund Pay Act need.

### Pay Act Calculation Methodology

The methodology used in developing Pay Act potential need is as follows:

- The General and Transportation Fund share of the required Pay Act are derived from the FY 2024 As Passed budget which reflects an estimated annualized June 30, 2023 payroll base.
- Department Pay Act salary requirements (that is, the value of the FY 2024 salary increases) are comprised of a 2.00% cost of living increase and step increases, per the collective bargaining agreements, at an estimated aggregate statewide impact of 1.9%. These components are calculated using position-by-position projections for all employees using the 2024 As Passed budget, which reflects an estimated annualized June 30, 2023 payroll base for departments. The Pay Act potential need is the value of the General and Transportation Fund share of salaries and benefits that are driven by salary (FICA, retirement, life insurance, and LTD).
- A one-time lump sum payment of \$1,000 for eligible employees plus residual impacts to salary driven fringe benefits. This component is calculated using actual position-by-position projections.

- The costs of various non-salary contract items and other bargained provisions are stipulated in certain articles of the State-VSEA Bargaining Agreement.

cc: House and Senate Committees on Appropriations and on Government Operations