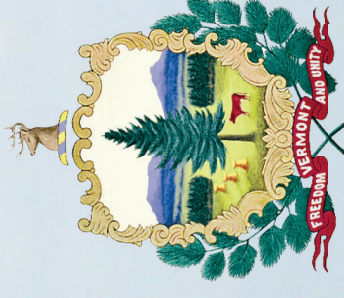


Vermont Pension Investment Commission



Thomas Golonka, VPIC Chair

Fiscal Year 2024 Budget Request

Photo: Groton State Forest view from Owl's Head

Fiscal Year 2024 Budget Request

VERMONT PENSION INVESTMENT COMMISSION

Eric Henry, Chief Investment Officer

Katie Green, Deputy Chief Investment Officer

Andrew Cook, Investment Analyst

Budget Development

Holly S. Anderson, AoA Chief Financial Officer

Brenda Berry, AoA Deputy Chief Financial Officer

Fiscal Year 2024 Budget Request

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VERMONT PENSION INVESTMENT COMMISSION

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Vermont Pension Investment Commission Highlights

MISSION

The mission of the Vermont Pension Investment Commission (VPIC) is to make and manage investments for the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System, Vermont Municipal Employees' Retirement Systems, and other public Vermont Retirement Systems, with integrity, prudence, and skill to meet or exceed the financial objectives of the beneficiaries of the funds.

As fiduciaries, the VPIC strives to strike a balance between the portfolio risks required to achieve the actuarial investment return assumption and the more conservative risk profile appropriate for an investment portfolio designed to make guaranteed pension payments.

Market Gap Analysis Results

Aggregate Results by Scope

VPIC vs. Public Pension Market Data

VPIC Job Title	Base Salary (\$000s)	Market Total Cash (\$000s)				Percentile Positioning
		25th	50th	75th	Base Gap to 25th	
Chair, VPIC Board	\$43	\$44	\$55	\$76	-3%	<25th %ile
Chief Investment Officer	\$174	\$282	\$343	\$467	-62%	<25th %ile
Deputy Chief Investment Officer	\$96	\$167	\$203	\$289	-75%	<25th %ile
Investment Analyst	\$84	\$104	\$112	\$129	-24%	<25th %ile
VPIC Overall					-51%	<25th %ile

VPIC is positioned below market median against Public Pensions with regards to base salary, with the largest gaps for the CIO and Deputy CIO; all roles are positioned lower when considering total cash

Source: "Vermont Pension Investment Commission Compensation Report", Mercer, October 2022

FY 2024 Budget Summary

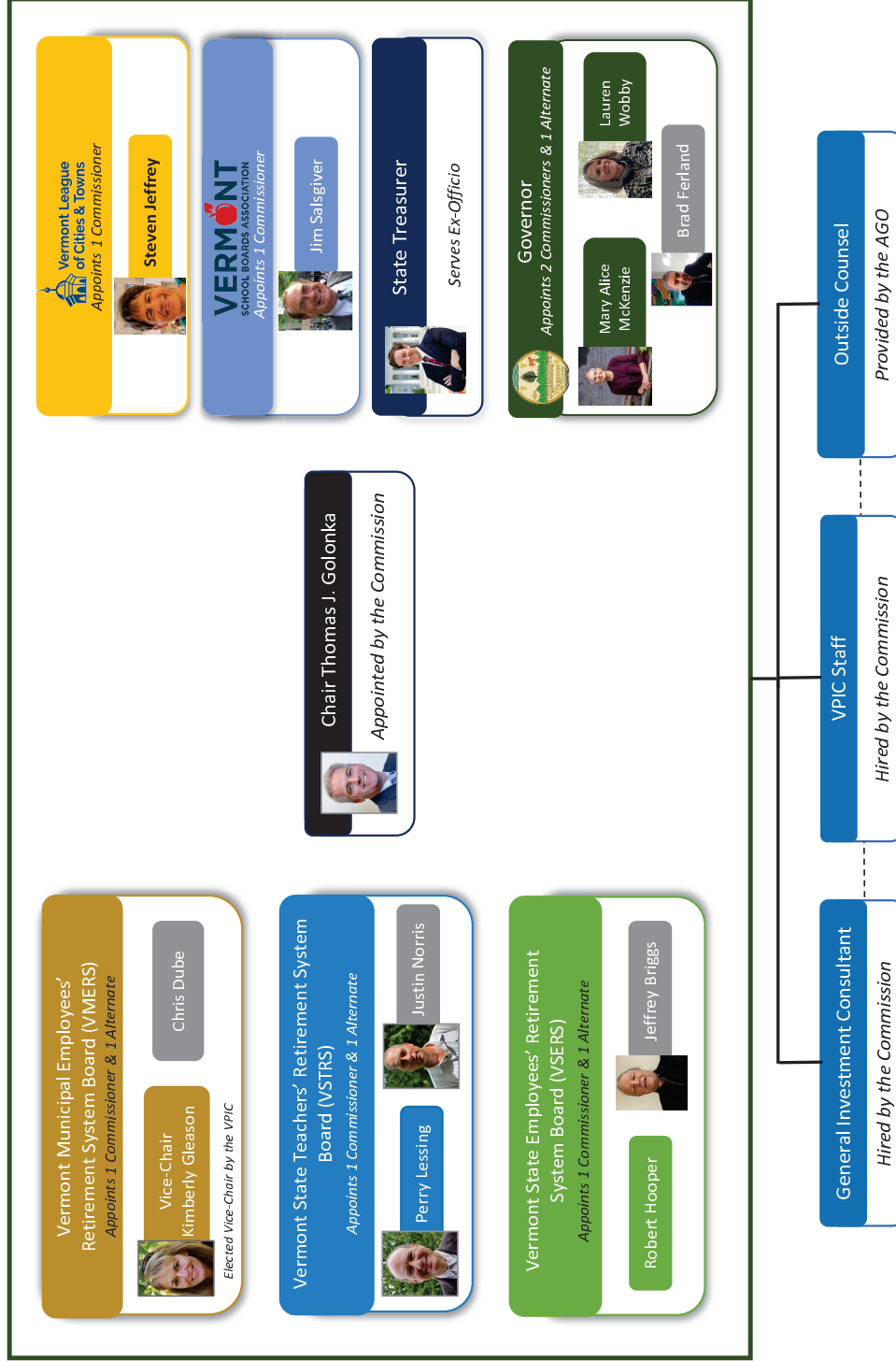
Act 75 transitioned the VPIC into an independent Commission from the Treasurer's Office. FY 2023 represents VPIC's first year with its own budget and we would like to thank the Vermont Legislature and Governor for implementing the funding tools to carry out our mission. The VPIC is 100% funded through Special Funds. Below please find initiatives for FY 2024 and budget summary:

- Act 75 tasked VPIC with conducting an independent analysis of VPIC staffing and compensation of its 3 staff: Chief Investment Officer (CIO), Deputy CIO, and Investment Analyst. The report has been completed ([found here](#)). It concluded that the existing VPIC staff are significantly undercompensated relative to similarly sized public pension funds and meaningfully understaffed. We have serious concerns over the VPIC's low compensation levels that leave the fund at risk of turnover of its investment professionals that could be disruptive and costly to the plan. We seek support to remedy this issue. As noted in Mercer's report linked above, "ensuring that salaries are market competitive will not have a material impact on the cost structure [of the plan] but will have a significant impact on the human capital of the fund." For ease of reference, please see the summary Market Gap Analysis Results.
- Managing the investment portfolios of the three statewide pension plans is an exercise in balancing risk and liquidity with the need for maximizing returns, while strategically aligning the portfolio with the pension funds' demographic and financial characteristics. To that end, we have engaged best-in-class investment advisors to work with our professional staff to prudently oversee these important assets for the exclusive purpose of providing retirement benefits to Vermont Teachers, state employees, and municipal employees, at best cost to VT taxpayers. 47% of the budget is allocated to these advisors and vendors.
- The FY 2024 budget is 0.04% of the VPIC plan aggregate \$5.6 billion for a total budgetary request of \$2.25 million. The VPIC is seeking a 5.4% increase from FY 2023 to 2024 of \$114,513 which maintains the 0.04% aggregate cost basis.

Governor's Recommended Budget FY 2024 (\$)

SS, \$2.25, 100%

Vermont Pension Investment Commission Organizational Structure



Fiscal Year 2024 Budget Development Form - Vermont Pension Investment Committee

Approp #1 VPIC (1266: FY 2023 Approp	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l	All other \$\$	Total \$\$
	0	0	1,614,267	0	0	0	522,418	2,136,685
Special \$								
Transfer \$								
21521								
21520								
Other Changes: (Please insert changes to your base appropriation that occurred after the passage of the FY23 budget]								0
FY 2023 Other Changes	0	0	0	0	0	0	0	0
Total Approp. After FY 2023 Other Changes	0	0	1,614,267	0	0	0	522,418	2,136,685
Increase of Salary Benefits Cost			37,369					37,369
Switch Treasurers Retire Admin to VPIC Special Fund			522,418				(522,418)	0
Increased Operating Expense			43,423					43,423
Increased Internal Service Fees			33,721					33,721
								0
								0
								0
Subtotal of Increases/Decreases	0	0	636,931	0	0	0	(522,418)	114,513
FY 2024 Governor Recommend	0	0	2,251,198	0	0	0	0	2,251,198

**State of Vermont
Budget Rollup Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Budget Object Group: 1. PERSONAL SERVICES

Budget Object Rollup Name	FY2023 Original As Passed Budget	FY2023 Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	Difference Between FY2024 Governor's Recommendation and FY2023 As Passed	Percent Change FY2024 Governor's Recommendation and FY2023 As Passed
Salaries and Wages	0	380,844	402,077	21,233	5.6%
Fringe Benefits	0	188,246	202,360	14,114	7.5%
Contracted and 3rd Party Service	0	1,340,904	1,379,200	38,296	2.9%
PerDiem and Other Personal Services	0	0	19,000	19,000	100.0%
Budget Object Group Total: 1. PERSONAL SERVICES	0	1,909,994	2,002,637	92,643	4.9%

Budget Object Group: 2. OPERATING

Budget Object Rollup Name	FY2023 Original As Passed Budget	FY2023 Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	Difference Between FY2024 Governor's Recommendation and FY2023 As Passed	Percent Change FY2024 Governor's Recommendation and FY2023 As Passed
Equipment	0	15,000	10,000	(5,000)	-33.3%
IT/Telecom Services and Equipment	0	12,334	25,613	13,279	107.7%
Other Operating Expenses	0	0	200	200	100.0%
Other Rental	0	0	500	500	100.0%
Other Purchased Services	0	75,601	85,754	10,153	13.4%
Property Rental	0	21,740	22,694	954	4.4%
Supplies	0	52,016	53,800	1,784	3.4%
Travel	0	50,000	50,000	0	0.0%
Budget Object Group Total: 2. OPERATING	0	226,691	248,561	21,870	9.6%
Total Expenditures	0	2,136,685	2,251,198	114,513	5.4%

**State of Vermont
Budget Rollup Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Fund Name	FY2023 Original As Passed Budget	FY2023 Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	Difference Between FY2024 Governor's Recommendation and FY2023 As Passed	Percent Change FY2024 Governor's Recommendation and FY2023 As Passed
Special Fund	0	2,136,685	2,251,198	114,513	5.4%
Funds Total	0	2,136,685	2,251,198	114,513	5.4%

Position Count	3
FTE Total	3

**State of Vermont
Budget Detail Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Budget Object Group: 1. PERSONAL SERVICES

Description	Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
Salaries and Wages							
Classified Employees	500000	0	171,975	171,975	182,957	10,982	6.4%
Exempt	500010	0	166,317	166,317	174,470	8,153	4.9%
Contractual On Payroll	500050	0	42,552	42,552	44,650	2,098	4.9%
Total: Salaries and Wages		0	380,844	380,844	402,077	21,233	5.6%

Description	Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
Fringe Benefits							
FICA - Classified Employees	501000	0	13,156	13,156	13,995	839	6.4%
FICA - Exempt	501010	0	11,266	11,266	11,384	118	1.0%
Health Ins - Classified Empl	501500	0	50,800	50,800	56,686	5,886	11.6%
Health Ins - Exempt	501510	0	18,473	18,473	20,613	2,140	11.6%
Retirement - Classified Empl	502000	0	43,854	43,854	48,850	4,996	11.4%
Retirement - Exempt	502010	0	42,411	42,411	46,583	4,172	9.8%
Dental - Classified Employees	502500	0	1,706	1,706	1,706	0	0.0%
Dental - Exempt	502510	0	853	853	853	0	0.0%
Life Ins - Classified Empl	503000	0	396	396	421	25	6.3%
Life Ins - Exempt	503010	0	833	833	874	41	4.9%
LTD - Exempt	503510	0	279	279	293	14	5.0%
EAP - Classified Empl	504000	0	66	66	68	2	3.0%
EAP - Exempt	504010	0	33	33	34	1	3.0%
Misc Employee Benefits	504590	0	4,120	4,120	0	(4,120)	-100.0%
Workers Comp - Ins Premium	505200	0	0	0	0	0	0.0%
Total: Fringe Benefits		0	188,246	188,246	202,360	14,114	7.5%

**State of Vermont
Budget Detail Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Description	Code	FY2023		FY2024 Governor's Recommended Budget	Difference Between FY2024 Governor's Recommendation and FY2023 As Passed	Percent Change FY2024 Governor's Recommendation and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's Recommended Budget			
Contracted and 3rd Party Service						
Contr & 3Rd Party - Financial	507100	0	66,000	68,000	2,000	3.0%
Cont&3Rd Party-Pension/OPEB	507115	0	1,132,500	1,211,200	78,700	6.9%
Contr & 3Rd Party - Legal	507200	0	85,868	90,000	4,132	4.8%
Contr&3Rd Pty-Educ & Training	507350	0	0	0	0	0.0%
IT Contracts - Application Support	507566	0	1,536	0	(1,536)	-100.0%
Other Contr and 3Rd Pty Serv	507600	0	55,000	10,000	(45,000)	-81.8%
Total: Contracted and 3rd Party Service		0	1,340,904	1,379,200	38,296	2.9%

Description	Code	FY2024 Governor's Recommended Budget		Difference Between FY2024 Governor's Recommendation and As Passed	Percent Change FY2024 Governor's Recommendation and As Passed
		FY2024 Governor's Recommended Budget	As Passed		
PerDiem and Other Personal Services					
Per Diem	506000	0	19,000	19,000	100.0%
Total: PerDiem and Other Personal Services		0	19,000	19,000	100.0%
Total: 1. PERSONAL SERVICES		0	1,909,994	2,002,637	4.9%

Budget Object Group: 2. OPERATING

Description	Code	FY2023		FY2024 Governor's Recommended Budget	Difference Between FY2024 Governor's Recommendation and FY2023 As Passed	Percent Change FY2024 Governor's Recommendation and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's Recommended Budget			
Equipment						
Office Equipment	5224 10	0	15,000	10,000	(5,000)	-33.3%
Total: Equipment		0	15,000	10,000	(5,000)	-33.3%

**State of Vermont
Budget Detail Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Description	Code	FY2023		Difference Between FY2024 Governor's Recommendation and FY2023 As Passed	Percent Change FY2024 Governor's Recommendation and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget		
IT/Telecom Services and Equipment					
Software-License-ApplicaSupprt	516551	0	2,184	(2,184)	-100.0%
Software-License-DeskLaptop PC	516559	0	3,620	(3,620)	-100.0%
Telecom-Wireless Phone Service	516659	0	1,530	170	11.1%
ADS Enterp App Supp SOV Emp Exp	516660	0	0	11,558	100.0%
It Intsvccost-Vision/Isdassess	516671	0	0	3,913	100.0%
ADS Allocation Exp.	516685	0	0	4,842	100.0%
Hw - Printers,Copiers,Scanners	522217	0	5,000	(1,400)	-28.0%
Total: IT/Telecom Services and Equipment		0	12,334	13,279	107.7%

Description	Code	FY2024 Governor's		Difference Between FY2024 Governor's Recommendation and As Passed	Percent Change FY2024 Governor's Recommendation and As Passed
		Recommended Budget	Passed		
Other Operating Expenses					
Single Audit Allocation	523620	0	200	200	100.0%
Total: Other Operating Expenses		0	200	200	100.0%

Description	Code	FY2024 Governor's		Difference Between FY2024 Governor's Recommendation and As Passed	Percent Change FY2024 Governor's Recommendation and As Passed
		Recommended Budget	Passed		
Other Rental					
Rental - Other	515000	0	500	500	100.0%
Total: Other Rental		0	500	500	100.0%

**State of Vermont
Budget Detail Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Description	Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
Other Purchased Services							
Insurance Other Than Empl Bene	516000	0	0	29	29	100.0%	100.0%
Insurance - General Liability	516010	0	0	0	0	0.0%	0.0%
Dues	516500	14,100	14,100	15,000	900	6.4%	6.4%
Advertising-Print	516813	0	0	400	400	100.0%	100.0%
Printing & Binding-Bgs Copy Ct	517005	0	0	500	500	100.0%	100.0%
Freight & Express Mail	517300	0	1,000	100	(900)	-90.0%	-90.0%
Instate Conf. Meetings, Etc	517400	0	45,500	42,000	(3,500)	-7.7%	-7.7%
Catering-Meals-Cost	517410	0	0	500	500	100.0%	100.0%
Other Purchased Services	519000	0	15,001	15,000	(1)	0.0%	0.0%
Agency Fee	519005	0	0	9,034	9,034	100.0%	100.0%
Human Resources Services	519006	0	0	3,191	3,191	100.0%	100.0%
Moving State Agencies	519040	0	0	0	0	0.0%	0.0%
Total: Other Purchased Services		0	75,601	85,754	10,153	13.4%	13.4%

Description	Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
Property Rental							
Fee-For-Space Charge	515010	21,740	21,740	22,694	954	4.4%	4.4%
Total: Property Rental		21,740	21,740	22,694	954	4.4%	4.4%

Description	Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
Supplies							
Office Supplies	520000	2,900	2,900	3,500	600	20.7%	20.7%
Subscriptions	521510	49,116	49,116	50,300	1,184	2.4%	2.4%
Total: Supplies		52,016	52,016	53,800	1,784	3.4%	3.4%

**State of Vermont
Budget Detail Report**

Organization: 1266001000 - Vermont Pension Investment Commission

Travel	Description	Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
			FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
	Travel-Inst-Auto Mileage-Emp	518000	0	1,786	1,786	1,786	0	0.0%
	Travel-Outst-Other Trans-Emp	518510	0	25,250	25,250	25,250	0	0.0%
	Travel-Outst-Meals-Emp	518520	0	4,064	4,064	4,064	0	0.0%
	Travel-Outst-Lodging-Emp	518530	0	18,900	18,900	18,900	0	0.0%
	Total: Travel		0	50,000	50,000	50,000	0	0.0%
	Total: 2. OPERATING		0	226,691	226,691	248,561	21,870	9.6%
	Total Expenditures		0	2,136,685	2,136,685	2,251,198	114,513	5.4%

Fund Name	Fund Code	FY2023		FY2024		Difference Between FY2024 Governor's Recommend and FY2023 As Passed	Percent Change FY2024 Governor's Recommend and FY2023 As Passed
		FY2023 Original As Passed Budget	Governor's BAA Recommended Budget	FY2024 Governor's Recommended Budget	FY2024 Governor's Recommended Budget		
Treas Retirement Admin Cost	21520	0	522,418	522,418	0	(522,418)	-100.0%
VPIC Special Fund	21521	0	1,614,267	1,614,267	2,251,198	636,931	39.5%
Funds Total		0	2,136,685	2,136,685	2,251,198	114,513	5.4%
Position Count							3
FTE Total							3.00

State of Vermont
Position Summary Report

1266001000-Vermont Pension Investment Commission

Position Number	Classification	FTE	Count	Gross Salary	State Benefits	Federally Mandated	Total
180024	089150 - Financial Director III	1.00	1	98,925	55,643	7,567	162,135
180042	089130 - Financial Director I	1.00	1	84,032	52,088	6,428	142,548
187003	95360E - Principal/Assistant	1.00	1	174,470	69,250	11,384	255,104
Total		3.00	3	357,427	176,981	25,379	559,787

Fund Code	Fund Name	FTE	Count	Gross Salary	State Benefits	Federally Mandated	Total
21521	VPIC Special Fund	3.00	3	357,427	176,981	25,379	559,787
Total		3.00	3	357,427	176,981	25,379	559,787

Note: Numbers may not sum to total due to rounding.

Vermont Pension Investment Commission Organizational Structure

