

1 H.449

2 Introduced by Committee on Government Operations

3 Date:

4 Subject: Executive Branch; retirement systems; Vermont State Employees'

5 Retirement System; Vermont State Teachers' Retirement System;

6 Vermont Municipal Employees' Retirement System

7 Statement of purpose of bill as introduced: This bill proposes to (1) amend the

8 title, membership, and duties of the Vermont Pension Investment Commission,

9 and (2) create the Pension Benefits, Design, and Funding Task Force.

10 An act relating to the membership and duties of the Vermont Pension
11 Investment Commission and the creation of the Pension Benefits, Design,
12 and Funding Task Force

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 3 V.S.A. chapter 17 is amended to read:

15 CHAPTER 17. ~~VERMONT STATE POLICE AND MOTOR VEHICLE~~

16 ~~INSPECTORS' RETIREMENT SYSTEM~~ VERMONT PENSION

17 INVESTMENT COMMISSION

18 § 521. DEFINITIONS

19 As used in this chapter,:

1 (1) ~~“Committee”~~ Commission means the Vermont Pension Investment
2 Committee Commission.

3 (2) “Financial Expert” means an individual with material expertise and
4 experience in institutional fund management, or other significant pension or
5 other relevant financial expertise.

6 (3) “Independent” means an individual who does not have a direct or
7 indirect material interest in the Plans.

8 (A) An individual has a direct or indirect material interest in the
9 Plans if:

 (i) the individual *or the individual's spouse, parent, or child* is a
beneficiary of any of the Plans; or

10 (ii) the individual or the individual's spouse, parent, child, sibling,
11 or in-law is or has been within the past five years an employee, director,
12 officer, owner of a publicly traded company, consultant, manager, or had
13 another material role with an entity servicing the Plans.

14 (B) An individual is considered an owner of a publicly traded
15 company if the individual owns, directly or indirectly, five percent or more of
16 a class of the company's equity securities registered under the Securities
17 Exchange Act of 1934 (15 U.S.C. § 78 et seq.), as amended.

18 ~~(C) An individual shall be considered independent pursuant to this~~
19 ~~subdivision (3) if the individual's spouse, parent, child, sibling, or in-law is a~~

1 ~~beneficiary of any of the Plans, provided the individual files an annual~~
2 ~~disclosure report to the Commission.~~

3 (4) “Plans” means the Vermont State Teachers’ Retirement System, the
4 Vermont State Employees’ Retirement System, and the Vermont Municipal
5 Employees’ Retirement System pursuant to section 472 of this title, 16 V.S.A.
6 § 1943, and 24 V.S.A. § 5063.

7 § 522. VERMONT PENSION INVESTMENT COMMITTEE

8 COMMISSION

9 (a) Members. There is created the Vermont Pension Investment Committee
10 Commission, an independent commission, to comprise seven 10 members as
11 follows:

12 (1) one member and one alternate, ~~who may or may not be trustees of~~
13 ~~the Board of the Vermont State Employees’ Retirement System, elected by the~~
14 ~~employee and retiree members of that board~~ the Board of the Vermont State
15 Employees’ Retirement System;

16 (2) one member and one alternate, ~~who may or may not be trustees of~~
17 ~~the Board of the State Teachers’ Retirement System of Vermont, elected by the~~
18 ~~employee and retiree members of that~~ the Board of the Vermont State
19 Teachers’ Retirement System;

20 (3) one member and one alternate, ~~who may or may not be trustees of~~
21 ~~the Board of the Vermont Municipal Employees’ Retirement System, elected~~

1 by the municipal employee and municipal official members of that the Board
2 of the Vermont Municipal Employees' Retirement System;

3 (4) two members and one alternate, who shall each be a financial expert
4 and independent, appointed by the Governor;

5 (5) the State Treasurer or designee, an ex-officio voting member; and

6 (6) one member, appointed by the other six voting nine members of the
7 Committee Commission, who shall serve as Chair of the Committee
8 Commission and at the pleasure of the Committee Commission;

9 (7) the Commissioner of Financial Regulation or designee, an ex-officio
10 voting member;

11 (8) one member representing a municipal employer, appointed by the
12 Executive Director of the Vermont League of Cities and Towns; and

13 (9) one member representing a school employer, appointed by the
14 Vermont School Boards Association.

15 (b) Training. An authority responsible for electing or appointing a member
16 or alternate shall consider the experience and knowledge of potential members
17 and alternates consistent with the purposes of the Committee, and shall inform
18 potential members and alternates that they shall participate in Members and
19 alternates of the Commission shall be required to participate in onboarding and
20 ongoing periodic training in investments, securities, and fiduciary
21 responsibilities as directed by the Committee Commission. The Commission

1 shall provide an annual report to the respective authorities responsible for
2 electing and appointing members and alternates regarding attendance at
3 Commission meetings and relevant educational programs attended.

4 (c) ~~Initially, one appointee and the alternate appointee of the Governor~~
5 ~~shall serve a two-year term, and the second appointee shall serve for a four-~~
6 ~~year term. Thereafter, the Governor's appointees and alternate appointee shall~~
7 ~~serve for four-year terms. Initially, the member and alternate chosen by the~~
8 ~~Vermont Municipal Employees' Retirement Board shall serve for a two-year~~
9 ~~term, the member and alternate chosen by the Vermont State Teachers'~~
10 ~~Retirement Board shall serve for a three-year term and the member and~~
11 ~~alternate chosen by the Vermont State Employees' Retirement Board shall~~
12 ~~serve for a four-year term. Thereafter, all members and alternates shall serve~~
13 ~~for four-year terms. Member terms.~~

14 (1) Except as provided in subdivision (2) of this section and for the ex-
15 officio members of the Commission, all members and alternates of the
16 Commission shall serve staggered four-year terms. A vacancy created before
17 the expiration of a term shall be filled in the same manner as the original
18 appointment for the unexpired portion of the term. A member or alternate
19 appointed to fill a vacancy created before the expiration of a term shall not be
20 deemed to have served a term for the purpose of this subsection. Members and
21 alternates of the Commission shall be eligible for reappointment and shall

1 serve not more than three terms; provided, however, that any term served as an
2 alternate shall not be used to calculate a member's total term limit. Members
3 and alternates of the Commission may be removed only for cause. The
4 Commission shall adopt rules pursuant to chapter 25 of this title to define the
5 basis and process for removal.

6 (2) The Chair shall serve not more than 20 years on the Commission as
7 a chair or Commission member. If the Chair is unable to perform his or her
8 duties, the Commission shall elect an interim chair who shall be a financial
9 expert or independent.

10 (3) Terms shall end on June 30 with new terms beginning on July 1.

11 (4) Notwithstanding subdivision (3) of this subsection, members and
12 alternates shall serve until their successors are appointed subject to the term
13 limits provided in this subsection.

14 (d) Chair and vice chair.

15 (1) The Chair of the Vermont Pension Investment Committee
16 Commission shall be a nonvoting member, except in the case of a tie vote.

17 (2) The Vermont Pension Investment Commission shall elect a vice
18 chair from among its members.

19 (e) ~~The Vermont Pension Investment Committee shall elect a vice chair~~
20 ~~from among its members~~ Eligibility. No legislator who is currently serving in
21 the General Assembly shall serve on the Commission.

1 (f) ~~Four~~ Meetings.

2 (1) ~~Five~~ members of the ~~Committee~~ Commission shall constitute a
3 quorum.

4 (2) If a member is not in attendance, the alternate of that member shall
5 be eligible to act as a member of the ~~Committee~~ Commission during the
6 absence of the member.

7 (3) ~~Four~~ Five concurring votes shall be necessary for a decision of the
8 ~~Committee~~ Commission at any meeting of the ~~Committee~~ Commission, except
9 that any decision of the Commission relating to setting actuarial assumptions
10 pursuant to subdivision 523(b)(1) of this title shall require six concurring
11 votes. The Committee shall be attached to the Office of the State Treasurer for
12 administrative support, and the expenses of the Committee and the Treasurer's
13 office in support of the Committee shall be paid proportionately from the
14 funds of the three retirement systems and any individual municipalities that
15 have been allowed to invest their retirement funds pursuant to subsection
16 523(a) of this title.

17 (g) Leave time. Public employee members and alternates shall be granted
18 reasonable leave time by their employers to attend ~~Committee~~ Commission
19 meetings and ~~Committee-related~~ Commission-related educational programs.

20 (h) ~~The Committee shall provide an annual report to the respective~~
21 ~~authorities responsible for electing and appointing members and alternates~~

1 ~~regarding attendance at Committee meetings and relevant educational~~
2 ~~programs attended~~ Compensation and reimbursements. Members and
3 alternates of the Commission who are not public employees shall be entitled to
4 compensation as set forth in 32 V.S.A. § 1010 and reimbursement for all
5 necessary expenses that they may incur through service on the Commission
6 from the funds of the retirement systems. The Chair of the Commission may
7 be compensated from the funds at a level not to exceed one-third of the salary
8 of the State Treasurer, as determined by the other members of the
9 Commission.

10 (i) ~~A vacancy of an elected or appointed member or alternate shall be filled~~
11 ~~for the remainder of the term by the authority responsible for electing or~~
12 ~~appointing that member or alternate~~ Assistance and expenses.

13 (1) The Commission shall have the administrative and technical support
14 of the Office of the State Treasurer.

15 (2) The Commission may collect proportionally from the funds of the
16 three retirement systems and any individual municipalities that have been
17 allowed to invest their retirement funds pursuant to subsection 523(a) of this
18 title, any expenses incurred that are associated with carrying out its duties, and
19 any expenses incurred by the Treasurer's office in support of the Commission.

20 (3) The Attorney General shall serve as legal advisor to the
21 Commission.

1 § 523. VERMONT PENSION INVESTMENT COMMITTEE

2 COMMISSION; DUTIES

3 (a) General. The Vermont Pension Investment ~~Committee~~ Commission
4 shall be responsible for the investment of the assets of the ~~State Teachers'~~
5 ~~Retirement System of Vermont~~ Vermont State Teachers' Retirement System,
6 the Vermont State Employees' Retirement System, and the Vermont Municipal
7 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.
8 § 1943, and 24 V.S.A. § 5063. The ~~Committee~~ Commission shall strive to
9 maximize total return on investment, within acceptable levels of risk for public
10 retirement systems, in accordance with the standards of care established by the
11 prudent investor rule under 14A V.S.A. § 902. The ~~Committee~~ Commission
12 may, in its discretion, subject to approval by the Attorney General, also enter
13 into agreements with municipalities administering their own retirement
14 systems to invest retirement funds for those municipal pension plans. The
15 State Treasurer shall serve as the custodian of the funds of all three retirement
16 systems. The ~~Committee~~ Commission may, in its discretion, also enter into
17 agreements with the State Treasurer to invest the State Employees'
18 Postemployment Benefits Trust Fund, established in ~~3 V.S.A. §~~ section 479a of
19 this title, and the Retired Teachers' Health and Medical Benefits Fund,
20 established in 16 V.S.A. § 1944b.

1 ~~(b) Members and alternates of the Committee who are not public~~
2 ~~employees shall be entitled to compensation as set forth in 32 V.S.A. § 1010~~
3 ~~and reimbursement for all necessary expenses that they may incur through~~
4 ~~service on the committee from the funds of the retirement systems. The Chair~~
5 ~~of the Committee may be compensated from the funds at a level not to exceed~~
6 ~~one-third of the salary of the State Treasurer, as determined by the other~~
7 ~~members of the Committee~~ Powers and Duties. The Commission shall have
8 the following duties:

9 (1) Set the following actuarial assumptions:

10 (A) the investment rate of return;

11 (B) the inflation rate; and

12 (C) the smoothing rate method used for the actuarial valuation of
13 assets and returns.

14 (2) Not more than 180 days after the end of each fiscal year, conduct an
15 asset allocation study that reviews the expected return of each fund, including
16 a risk analysis using best practices methodologies to estimate potential risks to
17 the fund's asset values over a five-, 10-, and 20-year period, and the remainder
18 of the statutory amortization period. The study shall be submitted to the
19 House and Senate Committees on Government Operations and the Office of
20 the Governor and made publicly available within 10 days of completion.

1 (c) Recordkeeping. The ~~Committee~~ Commission shall keep a record of all
2 its proceedings, which shall be open for public inspection.

3 (d) Policies. The ~~Committee~~ Commission shall formulate policies and
4 procedures deemed necessary and appropriate to carry out its functions,
5 including a written statement of the responsibilities of and expectations for the
6 Chair of the ~~Committee~~ Commission and standards of conduct for members
7 and employees of the Commission in order to maintain and promote public
8 confidence in the integrity of the Commission. The standard of conduct
9 policies shall prohibit members and employees from receiving or soliciting any
10 gift, including meals, alcoholic beverages, travel fare, room and board, or any
11 other thing of value, tangible or intangible, from any vendor or potential
12 vendor of investment services, management services, brokerage services, and
13 other services to the Commission.

14 (e) ~~The Attorney General shall serve as legal advisor to the Committee~~
15 Contracts.

16 (f) ~~Contracts approved by the Committee~~ Commission and related
17 documents may be executed by the Chair, or, in the Chair's absence, the Vice
18 Chair.

19 (f) Asset and liability study. Beginning on July 1, 2022, and every three
20 years thereafter, based on the most recent actuarial valuations of each Plan, the

1 Commission shall study the assets and liabilities of each Plan over a 20-year
2 period. The study shall:

3 (1) project the expected path of the key indicators of each Plan's
4 financial health based on all current actuarial and investment assumptions;
5 current contribution and benefit policies, including the Plans' mark-to-market
6 funded ratio; actuarially required contributions by source; payout ratio; and
7 related liquidity obligations; and

8 (2) project the effect on each Plan's financial health resulting from:

9 (A) possible material deviations from Plan assumptions in investment
10 assumptions, including returns versus those expected and embedded in the
11 actuary's estimate of actuarially required contributions and any material
12 changes in capital markets volatility; and

13 (B) possible material deviations from key plan actuarial assumptions,
14 including retiree longevity, potential benefit increases, and inflation.

15 (g) Changes to actuarial rate of return. Notwithstanding any other
16 provision of law to the contrary, Any changes to the actuarial rate of return
17 shall be made at a joint meeting of by the Committee Commission and the
18 appropriate Retirement Board. The Board and Committee shall review the
19 recommendations of the actuary and the investment consultant. A change to
20 an actuarial rate of return shall be by joint resolution of the Board and
21 Committee. Each body shall vote according to its own procedures. In the

1 ~~event that the Board and Committee are unable to agree on an actuarial rate of~~
2 ~~return, the existing assumed rate of return shall remain in effect.~~

3 (h) Annual reports.

4 (1) Beginning on January 15, 2022, and every year thereafter, the
5 Commission shall submit to the House and Senate Committees on Government
6 Operations:

7 (A) a report on the performance of each Plan versus its demographic
8 investment and other actuarial assumptions over three-, five-, seven-, and 10-
9 year period, and the funding ratio of each plan to each plan beneficiary at the
10 end of each fiscal year; and

11 (B) a report on the status of the funding and investment performance
12 of each Plan and any relevant information from the asset liability and scenario
13 testing completed during the prior fiscal year.

14 (2) The Commission shall send to each participant or beneficiary of
15 each Plan a written or electronic copy of the report described in subdivision
16 (1) of this subsection, in the format authorized by the participant or
17 beneficiary. The report shall be consolidated with any other reports required
18 to be sent by the Commission to the participants or beneficiaries of each Plan.

1 Sec. 2. VERMONT PENSION INVESTMENT COMMISSION;

2 TRANSITION OF MEMBER TERMS

3 The transition of the member terms of the Vermont Pension Investment
4 Commission, created in Sec. 1 of this act, are as follows:

5 (1) Beginning on July 1, 2021, members shall be appointed to fill the
6 new member seats established in 3 V.S.A. § 522(a)(7)–(9) in Sec. 1 of this act.

7 The member appointed pursuant to 3 V.S.A. § 522(a)(8) in Sec. 1 of this act
8 shall serve an initial term of one year, and the member appointed pursuant to 3
9 V.S.A. § 522(a)(9) in Sec. 1 of this act shall serve an initial term of two years.

10 (2) Members and alternates serving on the Commission as of the date of
11 enactment of this act shall serve until the June 30 in the year prior to the
12 expiration of their current terms or June 30, 2023, whichever is earlier.

13 Current members and alternates may be reappointed if they meet the
14 eligibility, qualification, and term limit requirements of 3 V.S.A. § 522 in
15 Sec. 1 of this act.

16 Sec. 3. VERMONT PENSION INVESTMENT COMMISSION; FISCAL

17 YEAR 2022 REPORTS

18 (a) On or before January 15, 2022, the Commission shall develop a written
19 policy for implementing the asset allocation study and the asset and liability
20 study required by 3 V.S.A. § 523 and shall make the policy publicly available.

(b) On or before July 1, 2021, the Commission shall hire an independent third party to review and report on the operations of the Commission and the Retirement Division of the State Treasurer's office and make recommendations on best practices and necessary actions to transfer the Commission to a stand-alone entity. The report shall include a review of budgetary authority, frequency of trainings, transfer or hiring of personnel, and compensation of the Commission Chair and Commission employees. On or before January 15, 2022, the Commission shall submit a copy of the report to the ~~House and Senate Committees on Government Operations~~ *House Committees on Appropriations and on Government Operations and the Senate Committees on Appropriations and on Government Operations.*

1 Sec. 4. 3 V.S.A. § 471 is amended to read:

2 § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
3 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

4 * * *

5 (j) The Retirement Board shall designate an actuary who shall be the
6 technical advisor of the Board on matters regarding the operation of the Fund
7 of the Retirement System, and shall perform such other duties as are required
8 in connection therewith. Immediately after the establishment of the
9 Retirement System, the Retirement Board shall adopt for the Retirement
10 System such mortality and service tables as shall be deemed necessary and

1 shall certify the rates of contribution payable under the provisions of this
2 subchapter. At least once in each ~~five-year~~ three-year period following the
3 establishment of the System, the actuary shall make an actuarial investigation
4 into the mortality, service, and compensation experience of the members and
5 beneficiaries of the Retirement System, and taking into account the results of
6 such investigation, the Retirement Board shall adopt for the Retirement
7 System such mortality, service, and other tables as shall be deemed necessary
8 and shall certify the rates of contribution payable under the provisions of this
9 subchapter.

10 * * *

11 Sec. 5. 3 V.S.A. § 472 is amended to read:

12 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

13 * * *

14 (d) Except as otherwise herein provided, no trustee and no employee of the
15 Board or member of the ~~Committee~~ Commission shall have any direct interest
16 in the gains or profits of any investment made by the ~~Committee~~ Commission;
17 nor shall any trustee or employee of the Board or the ~~Committee~~ Commission,
18 directly or indirectly, for himself or herself or as an agent, in any manner use
19 the same except to make such current and necessary payments as are
20 authorized by the Board or ~~Committee~~ Commission; nor shall any trustee or
21 employee of the Board or the ~~Committee~~ Commission become an endorser or

1 surety, or in any manner an obligor, for the monies loaned to or borrowed from
2 the Board. The Treasurer, with the approval of the Board and the ~~Committee~~
3 Commission, shall adopt by rule standards of conduct for trustees, ~~members of~~
4 ~~the Committee~~, and employees of the Board and ~~Committee~~ in order to
5 maintain and promote public confidence in the integrity of the Board and
6 ~~Committee~~. Such rules shall prohibit trustees and employees from receiving
7 or soliciting any gift, including meals, alcoholic beverages, travel fare, room
8 and board, or any other thing of value, tangible or intangible, from any vendor
9 or potential vendor of investment services, management services, brokerage
10 services, and other services to the Board or ~~Committee~~ Commission.

11 Sec. 6. 16 V.S.A. § 1942 is amended to read:

12 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE
13 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

14 * * *

15 (m) Immediately after the establishment of the System, the actuary shall
16 make such investigation of the mortality, service, and compensation experience
17 of the members of the System, as the actuary shall recommend and the Board
18 shall authorize, for the purpose of determining the proper mortality and service
19 tables to be prepared and submitted to the Board for adoption. Having regard
20 to such investigation and recommendation, the Board shall adopt for the
21 System such mortality and service tables as shall be deemed necessary, and

1 shall certify the rates of contribution payable under the provisions of this
2 chapter. At least once in each ~~five-year~~ three-year period following the
3 establishment of the ~~system~~ System, the actuary shall make an actuarial
4 investigation into the mortality, service, and compensation experience of the
5 members and beneficiaries of the System, and taking into account the results
6 of such investigation, the Board shall adopt for the System such mortality,
7 service, and other tables as shall be deemed necessary and shall certify the
8 rates of contribution payable under the provisions of this chapter.

9 * * *

10 Sec. 7. 16 V.S.A. § 1943 is amended to read:

11 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

12 * * *

13 (d) Except as otherwise provided in this section, no trustee and no
14 employee of the Board or member of the Vermont Pension Investment
15 ~~Committee~~ Commission shall have any direct interest in the gains or profits of
16 any investment made by the ~~Committee~~ Commission; nor shall any trustee or
17 employee of the Board or ~~Committee~~ Commission, directly or indirectly, for
18 himself or herself or as an agent, in any manner use the same except to make
19 such current and necessary payments as are authorized by the Board or
20 ~~Committee~~ Commission; nor shall any trustee or employee of the Board or
21 ~~Committee~~ Commission become an endorser or surety, or in any manner an

1 obligor, for the monies loaned to or borrowed from the Board. The State
2 Treasurer, with the approval of the Board and the Committee, shall adopt by
3 rule standards of conduct for trustees and employees of the Board in order to
4 maintain and promote public confidence in the integrity of the Board. Such
5 rules shall prohibit trustees, ~~members of the Committee,~~ and employees from
6 receiving or soliciting any gift, including meals, alcoholic beverages, travel
7 fare, room and board, or any other thing of value, tangible or intangible, from
8 any vendor or potential vendor of investment services, management services,
9 brokerage services, and other services to the Board.

10 Sec. 8. 24 V.S.A. § 5062 is amended to read:

11 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
12 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

13 * * *

14 (k) Immediately after the establishment of the Retirement System, the
15 Retirement Board shall adopt for the Retirement System such mortality and
16 service tables as shall be deemed necessary and shall certify the rates of
17 contribution payable under the provisions of this chapter. At least once in each
18 ~~five-year~~ three-year period following the establishment of the System, the
19 actuary shall make an actuarial investigation into the mortality, service, and
20 compensation experience of the members and beneficiaries of the Retirement
21 System, and taking into account the results of such investigation, the

1 Retirement Board shall adopt for the Retirement System such mortality,
2 service, and other tables as shall be deemed necessary and shall certify the
3 rates of contribution payable under the provisions of this chapter.

4 * * *

5 Sec. 9. 24 V.S.A. § 5063 is amended to read:

6 § 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

7 * * *

8 (e) Except as otherwise herein provided, no trustee and no employee of the
9 Retirement Board or Vermont Pension Investment ~~Committee~~ Commission
10 shall have any direct interest in the gains or profits of any investment made by
11 the ~~Committee~~ Commission, nor shall any trustee, member of the ~~Committee~~
12 Commission, or employee of the Board or ~~Committee~~ Commission, directly or
13 indirectly, for himself or herself or as an agent, in any manner use the same
14 except to make such current and necessary payments as are authorized by the
15 Board or ~~Committee~~ Commission; nor shall any trustee or employee of the
16 Board or ~~Committee~~ Commission become an endorser or surety, or in any
17 manner an obligor, for monies loaned to or borrowed from the Board.

1 Sec. 10. PENSION BENEFITS, DESIGN, AND FUNDING TASK FORCE;
2 STATE EMPLOYEES' RETIREMENT SYSTEM; STATE
3 TEACHERS' RETIREMENT SYSTEM; REPORT

4 (a) Creation. There is created the Pension Benefits, Design, and Funding
5 Task Force to review and report on the benefits, design, and funding of
6 retirement and retiree health benefit plans for the Vermont State Employees'
7 Retirement System and the Vermont State Teachers' Retirement System.

8 (b) Membership.

9 (1) The Task Force shall be composed of the following members:

10 (A) three current members of the House of Representatives, not all
11 from the same political party, who shall be appointed by the Speaker of the
12 House;

13 (B) three current members of the Senate, not all from the same
14 political party, who shall be appointed by the Committee on Committees;

15 (C) the Director of the Retirement Division, Office of the State
16 Treasurer or designee;

17 (D) the Commissioner of Financial Regulation or designee;

18 (E) the Commissioner of Human Resources or designee;

19 (F) three members, who shall be appointed by the president of the
20 Vermont-NEA;

1 (G) two members, who shall be appointed by the president of the
2 Vermont State Employees' Association; and

(H) one member of the Vermont Troopers' Association, who shall be
appointed by the president of the Vermont Troopers' Association.

3 (2)(A) The members appointed pursuant to subdivisions (1)(A) and (B)
4 of this subsection (b) shall not be direct or indirect beneficiaries of the
5 Vermont State Employees' Retirement System or the Vermont State Teachers'
6 Retirement System.

7 (B) The members appointed pursuant to subdivisions (1)(F)–(H) of
8 this subsection (b) shall not be currently serving as a legislator or the spouse or
9 partner of an individual currently serving as a legislator.

10 (C) Upon designation and approval, any members appointed pursuant
11 to subdivisions (1)(D) and (E) of this subsection (b) shall be the only
12 representative of the designator to participate in Task Force proceedings.

13 (c) Powers and duties.

14 (1) The Task Force shall make recommendations about benefit
15 provisions and appropriate funding sources along with other recommendations
16 it deems appropriate for consideration, consistent with actuarial and
17 governmental accounting standards, as well as demographic and workforce
18 trends and the long-term sustainability of the benefit programs, including the
19 following:

1 (A) setting a pension stabilization target number for the State
2 Employees' Retirement System and the State Teachers' Retirement System
3 that:

4 (i) reduces the actuarial accrued liability based on actuarial
5 value of assets by a sum equivalent to the amount of the increase from
6 fiscal year 2021 to fiscal year 2022, as reported in the Vermont State
7 Employees' Retirement System Actuarial Valuation and Review, dated June
8 30, 2020 and the Vermont State Teachers' Retirement System Actuarial
9 Valuation and Review, dated June 30, 2020; and

10 (ii) reduces the actuarially determined employer contributions
11 by a sum equivalent to the amount of the increase from fiscal year 2021 to
12 fiscal year 2022, as reported in the Vermont State Employees' Retirement
13 System Actuarial Valuation and Review, dated June 30, 2020 and the
14 Vermont State Teachers' Retirement System Actuarial Valuation and
15 Review, dated June 30, 2020;

16 (B) a five-year review of benefit expenditure levels as well as
17 employer and employee contribution levels and growth rates and a three-,
18 five-, and 10-year projection of these levels and rates;

19 (C) based on benefit and funding benchmarks:

20 (i) proposed new benefit structures with the objective of
21 adequate benefits within the established cost containment benchmarks,

1 including an evaluation of a shared-risk model for employee contributions
2 and cost-of-living adjustments; and

3 (ii) an estimate of the cost of current and any proposed benefit
4 structures on a budgetary, pay-as-you-go, and full actuarial accrual basis;

5 (D) evaluating the intermediate and long-term economic impacts
6 to the State and local economies and their potential impact on retiree
7 spending;

8 (E) evaluating any cross-subsidization between all groups within
9 the Vermont State Employees' Retirement System and adjusting
10 contribution amounts to eliminate any cross-subsidization;

11 (F) evaluating alternative plan designs, such as hybrid or defined
12 contribution plan options or a combination of a defined benefit plan and a
13 defined contribution plan;

14 (G) examining permanent and temporary revenue streams to fund
15 the Vermont State Employees' Retirement System and the State Teachers'
16 Retirement System, including a review of whether all or part of retirement
17 income should be tax-exempt;

18 (H) a plan for prefunding other postemployment benefits, with an
19 evaluation of using federal funds to the extent permissible; ~~and~~

(I) a plan to lower other postemployment benefits health care
costs, including reviewing health benefit design innovations, State

regulatory measures, and alternative methods of providing pooled health care benefits. *and*

(J) modeling and estimating costs for not changing the retirement benefits for members of the State Employees' Retirement System and the State Teachers' Retirement System for members who are within five and 10 years of the current retirement age.

(2) The Task Force shall not make recommendations on adjusting the assumed rates of return *or changing the retirement benefits for members of the State Employees' Retirement System and the State Teachers' Retirement System who are current retirees or within five years of the current retirement age.*

1 (d) Stakeholder input. During the course of its deliberations, and prior to
2 any final recommendations being made, the Task Force shall:

3 (1) solicit input, including through public hearings, from affected
4 stakeholders, including those impacted by issues of inequities; and

5 (2) consult with representatives designated by the Supreme Court acting
6 in its constitutional role as the administrator of the Judicial Branch, Group D
7 members of the State Employees' Retirement System, and members of the
8 State Employees' Retirement System who are employees of the Department of
9 Corrections.

10 (e) Assistance.

1 (1) The Task Force shall have:

2 (A) administrative, technical, and legal assistance from the Office of
3 the State Treasurer;

4 (B) fiscal assistance from the Joint Fiscal Office; and

5 (C) committee support services from the Office of Legislative
6 Operations.

7 ~~(2) The Task Force may contract for advisory services from an~~
8 ~~independent benefits expert and legal expert, as necessary. The sum of not~~
9 ~~more than \$200,000.00 in general funds shall be appropriated for this purpose.~~

(2)(A) The Joint Fiscal Office shall contract for an independent benefits expert and a legal expert, as necessary, to provide advisory services to the Task Force.

(B) The sum of not more than \$200,000.00 is appropriated from general funds to the General Assembly for the purpose described in subdivision (A) of this subdivision (2).

10 (f) Leave time. Public employee members of the Task Force shall be
11 granted reasonable leave time by their employers to attend Task Force
12 meetings.

 (g) Report. On or before ~~September 1, 2021~~ *September 15, 2021*, the Task Force shall submit a written report to the Governor and to the ~~House and Senate Committees on Government Operations~~ *House Committees on*

Appropriations and on Government Operations and the Senate Committees on Appropriations and on Government Operations with its findings and any recommendations for legislative action. The Task Force shall also provide the report to the Board of Trustees of the State Employees' and Teachers' Retirement Systems for their consideration and comment to the General Assembly.

1 (h) Meetings.

2 (1) The members appointed pursuant to subdivisions (b)(1)(A) and (B)
3 of this section shall appoint a House and Senate member as co-chairs, who
4 shall call the first meeting of the Task Force to occur on or before June 15,
5 2021.

6 (2) A majority of the membership shall constitute a quorum.

7 (3) The Task Force shall cease to exist on June 30, 2022.

8 (i) Compensation and reimbursement.

9 (1) For attendance at meetings during adjournment of the General
10 Assembly, a legislative member of the Task Force serving in his or her
11 capacity as a legislator shall be entitled to per diem compensation and
12 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than
13 15 meetings. These payments shall be made from monies appropriated to the
14 General Assembly.

1 (2) Other members of the Task Force who are not State employees shall
2 be entitled to per diem compensation and reimbursement of expenses as
3 permitted under 32 V.S.A. § 1010 for not more than 15 meetings. These
4 payments shall be made from monies appropriated to the State Treasurer.

5 Sec. 11. CONFORMING REVISIONS

6 When preparing the Vermont Statutes Annotated for publication, the Office
7 of Legislative Counsel shall replace “Vermont Pension Investment Committee”
8 with “Vermont Pension Investment Commission” throughout the statutes as
9 needed for consistency with Secs. 1–9 of this act, provided the revisions have
10 no other effect on the meaning of the affected statutes.

11 Sec. 12. EFFECTIVE DATE

12 This act shall take effect on passage.