

1 H.572

2 Introduced by Representatives Webb of Shelburne, Brumsted of Shelburne,
3 and Hooper of Randolph

4 Referred to Committee on

5 Date:

6 Subject: Education; retirement; Vermont State Teachers' Retirement System

7 Statement of purpose of bill as introduced: This bill proposes to allow a
8 beneficiary of the Vermont State Teachers' Retirement System to resume
9 service as an interim educator for a one-year period and continue to receive a
10 retirement allowance for that period.

11 An act relating to the retirement allowance for interim educators

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

13 ~~Sec. 1. 16 V.S.A. § 1939 is amended to read:~~

14 § 1939. RESTORATION TO SERVICE

15 (a) In any fiscal year in which a beneficiary resumes service, as that term is
16 defined in section 1931 of this title, ~~he or she~~ the beneficiary shall again
17 become a member of the System, shall contribute at the rate established for
18 members of ~~his or her~~ the beneficiary's group, and shall not be entitled to
19 ~~receive a retirement allowance, if he or she~~ the beneficiary is:

1 ~~(1) compensated in excess of the allowable number of days per school~~
2 ~~year as established by the Board for substitute teaching; or~~

3 ~~(2) receives compensation in excess of 60 percent of the average~~
4 ~~compensation in the teacher System.~~

5 ~~(b) If a person once again becomes a member under subsection (a) of this~~
6 ~~section, membership shall be retroactive to the beginning of the fiscal year in~~
7 ~~which the person resumed service and the member shall not be entitled to any~~
8 ~~retirement allowance received during that fiscal year. If the person received a~~
9 ~~retirement allowance during the fiscal year in which he or she resumed service,~~
10 ~~upon subsequent retirement the Board shall suspend his or her retirement~~
11 ~~allowance for a period necessary to reimburse the System for the total~~
12 ~~retirement allowance received during the period in which the beneficiary~~
13 ~~resumed service and became a member.~~

14 ~~(c) Upon subsequent retirement of a person who once again becomes a~~
15 ~~member under subsection (a) of this section, the beneficiary's former~~
16 ~~retirement allowance shall be restored, but the beneficiary shall not be entitled~~
17 ~~to cost of living adjustments for the period during which he or she was~~
18 ~~restored to service. In addition to the former retirement allowance, a~~
19 ~~beneficiary shall be entitled to a retirement allowance separately computed for~~
20 ~~the period beginning with his or her last restoration to service for which the~~
21 ~~member has made a contribution.~~

1 ~~(d) Notwithstanding any other provision of law, in any fiscal year, a~~
2 ~~beneficiary who retired from the System as a Group A or a Group C member~~
3 ~~may resume service under subsection (a) of this section to serve as an interim~~
4 ~~school educator for a period not to exceed one school year and receive the~~
5 ~~beneficiary's retirement allowance for the entire period that service is~~
6 ~~resumed, provided that the beneficiary:~~

7 ~~(1) maintains an active educators' license in the area in which the~~
8 ~~beneficiary will serve as an interim educator; and~~

9 ~~(2) makes contributions at the rate established for members of the~~
10 ~~beneficiary's group for the entire period that service is resumed.~~

(d)(1) Notwithstanding any other provision of law, in any fiscal year, a
beneficiary who retired from the System as a Group A or a Group C member
may resume service under subsection (a) of this section to serve as an interim
school educator for a period not to exceed one school year and receive the
beneficiary's retirement allowance for the entire period that service is
resumed, provided that:

(A) the beneficiary has received a retirement allowance for six
months or more prior to resuming service;

(B) the beneficiary maintains or obtains an active educator's license
in the area in which the beneficiary will serve as an interim educator,

~~(C) the beneficiary makes contributions at the rate established for members of the beneficiary's group for the entire period that service is resumed;~~

~~(D) the source of funding for the employer's contributions for the beneficiary for the entire period that service is resumed is consistent with how contributions are paid for new members in the beneficiary's group as of the date service is resumed; and~~

~~(E) the employer of the beneficiary makes payments into the Retired Teachers' Health and Medical Benefits Fund, established in section 1944b of this title, for the entire period that service is resumed in a manner consistent with how those payments are made for new members in the beneficiary's group as of the date service is resumed.~~

~~(2) Upon subsequent retirement of a person who once again becomes a member under subdivision (1) of this subsection, the beneficiary shall not be entitled to a retirement allowance separately computed for the period that service was resumed.~~

~~(e)(1) Annually, on or before July 15 each year, each superintendent shall submit to the Agency of Education a report on the number of beneficiaries of the System who have resumed service pursuant to subsection (d) of this section.~~

~~(2) On or before August 15 each year, the Secretary of Education shall compile the data received by each superintendent pursuant to subdivision (1)~~

~~of this subsection and submit a report to the Joint Pension Oversight
Committee.~~

1 Sec. 2. EFFECTIVE DATE

2 ~~This act shall take effect on July 1, 2022.~~

*Sec. 1. FY 2023; RESTORATION OF SERVICE; VERMONT STATE
TEACHERS' RETIREMENT SYSTEM*

*(a) Authority. Notwithstanding 16 V.S.A. § 1939 or any other provision of
law, in fiscal year 2023, a beneficiary who retired from the System as a
Group A or a Group C member may resume service, as that term is defined in
16 V.S.A. § 1931, to serve as an interim school educator for a period not to
exceed one school year and receive the beneficiary's retirement allowance for
the entire period that service is resumed, provided that:*

*(1) the beneficiary has received a retirement allowance for six months or
more immediately preceding the resumption of service;*

*(2) the employer of the beneficiary is subject to the assessment set forth
in 16 V.S.A. § 1944d on behalf of the beneficiary and remits payment to the
Benefits Fund; and*

~~*(3) the employer of the beneficiary remits a one-time fee of \$2,500.00 to
the State Treasurer for administrative costs associated with the beneficiary
resuming service.*~~

(3) the employer of the beneficiary remits payment to the Vermont Teachers' Retirement Fund, established in 16 V.S.A. § 1944, in an amount equal to the contribution rate established for members of the beneficiary's group for any period that service is resumed.

(b) Period of service. A person who resumes service under subsection (a) of this section shall not make any contributions to the System during the person's period of service and shall not be entitled to a retirement allowance separately computed for the period that service was resumed.

(c) Employment certification. Each superintendent who hires an interim school educator pursuant to subsection (a) of this section shall certify to the Board that the district exhausted all reasonable options to employ a qualified active educator prior to employing a beneficiary as an interim school educator.

(d) Renewal.

(1) In fiscal years 2024 and 2025, the State Treasurer is authorized to grant not more than two renewals for a one-fiscal-year period to the authority described in subsection (a) of this section. The State Treasurer shall make the determination to renew the authority not earlier than June 1 but not later than June 30 in each fiscal year and shall notify the House and Senate Committees on Government Operations of the determination.

(2) In the event the State Treasurer makes a determination to renew the authority pursuant to subdivision (1) of this subsection, a beneficiary may only

resume service during each one-year renewal period if service is performed in a different interim school educator position.

(e) Repeal. This section shall be repealed on June 30, 2026.

Sec. 2. 16 V.S.A. § 1949 is amended to read:

§ 1949. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT

ALLOWANCES

~~(a) For all Group A members, as of June 30 in each year, beginning June 30, 1972, the Board shall determine any increase or decrease, to the nearest one-tenth of one percent, in the ratio of the average of the Consumer Price Index for the month ending on that date to the average of the Index for the month ending on June 30, 1971, or the month ending on June 30 of the most recent year thereafter. In the event of an increase, and provided that the net increase following the application of any offset as provided in this subsection equals or exceeds one percent, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31 shall be increased by an equal percentage. Such increase shall begin on the January 1 immediately following that December 31. An equivalent percentage increase shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 12~~

~~monthly payments by such December 31. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1; provided, however, that:~~

~~(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index when such increase equals or exceeds one percent, up to the full amount of such increase; and~~

~~(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset. Postretirement adjustments to retirement allowance. On January 1 of each year, the retirement allowance of each beneficiary of the System who is in receipt of a retirement allowance for at least a one-year period as of December 31 in the previous year, and who meets the eligibility criteria set forth in this section, shall be adjusted by the amount described in subsection (d) of this section. In no event shall a beneficiary receive a negative adjustment to the beneficiary's retirement allowance.~~

~~(b) For Group C members, as of June 30 in each year, commencing June 30, 1981, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the~~

~~preceding fiscal year. In the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31 shall be increased by an amount equal to one-half of the net percentage increase. The increase shall commence on the January 1 immediately following that December 31. The increase shall apply to Group C members having attained 57 years of age or completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following attainment of age 62, and shall apply to Group C members not having attained 57 years of age or having completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following the member's attainment of 65 years of age, provided the member has received benefits for at least 12 months as of December 31 of the year preceding any January adjustment. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1; provided, however, that:~~

~~(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount of such increase; and~~

~~(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset. Calculation of net percentage increase. Each year, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent, in the Consumer Price Index for the month ending on June 30 of that year to the average of the Consumer Price Index for the month ending on June 30 of the previous year.~~

~~(1) Consumer Price Index; maximum and minimum amounts. Any increase or decrease in the Consumer Price Index shall be subject to adjustment so as to remain within the following maximum and minimum amounts:~~

~~(A) For Group A members and Group C members who are eligible for normal retirement or unreduced early retirement, or who are vested deferred, on or before June 30, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent.~~

~~(B) For Group C members who are eligible for retirement and leave active service on or after July 1, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be four percent.~~

(2) Consumer Price Index; decreases. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, there shall be no adjustment to the retirement allowance of a beneficiary for the subsequent year beginning on January 1; provided, however, that:

(A) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index up to the full amount of such increase; and

(B) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(3) Consumer Price Index; increases. Subject to the maximum and minimum amounts set forth in subdivision (1) of this subsection, in the event of an increase in the Consumer Price Index, and provided there remains an increase following the application of any offset as in subdivision (2) of this subsection, that amount shall be identified as the net percentage increase and used to determine the members' postretirement adjustment as set forth in subsection (d) of this section.

~~(c) For purposes of subsection (a) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent. For purposes of subsection (b) of this section, the maximum~~

~~amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease less than one percent shall be assigned a value of one percent. Eligibility for postretirement adjustment. In order for a beneficiary to receive a postretirement adjustment allowance, the beneficiary must meet the following eligibility requirements:~~

~~(1) for any Group A or Group C member eligible for retirement, or who is vested deferred, on or before June 30, 2022, the member must be in receipt of a retirement allowance for at least 12 months prior to the January 1 effective date of any postretirement adjustment; and~~

~~(2) for any Group C member who is eligible for retirement and leaves active service on or after July 1, 2022, the member must be in receipt of a retirement allowance for at least 24 months prior to the January 1 effective date of any postretirement adjustment.~~

~~(d) Amount of postretirement adjustment. The postretirement adjustment for each member who meets the eligibility criteria set forth in subsection (c) shall be as follows:~~

~~(1) the full amount of the net percentage increase calculated pursuant to subsection (b) of this section for all Group A members; and~~

~~(2) one-half of the net percentage increase for all Group C members.~~

~~(e) As used in this section, "Consumer Price Index" shall mean the Northeast Region Consumer Price Index for all urban consumers, designated~~

as “CPI-U,” in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2022.