

1 Introduced by Committee on Government Operations

2 Date:

3 Subject: Executive Branch; retirement systems; Vermont State Employees’

4 Retirement System; Vermont Teachers’ Retirement System; Vermont

5 Municipal Employees’ Retirement System

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

7 membership and duties of the Vermont Pension Investment Committee, and (2)

8 create the Pension Benefits, Design, and Funding Task Force.

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

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

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

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

15 ~~INSPECTORS’ RETIREMENT SYSTEM~~ VERMONT PENSION

16 INVESTMENT COMMITTEE

17 § 521. DEFINITIONS

18 As used in this chapter:

19 (1) “Committee” means the Vermont Pension Investment Committee.

20 (2) “Financial Expert” means an individual with material expertise and

21 experience in institutional fund management, or other significant pension or

22 other relevant financial expertise.

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

3           (A) An individual has a direct or indirect material interest in the Plan  
4           if: (i) the individual or the individual’s spouse, parent, child, sibling, or in-law  
5           is a beneficiary of any of the Plans; or (ii) the individual or the individual’s  
6           spouse, parent, child, sibling, or in-law is or has been within the past five years  
7           an employee, director, officer, owner of a publicly traded company, consultant,  
8           manager, or had another material role with an entity servicing the Plan.

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

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

17           § 522. VERMONT PENSION INVESTMENT COMMITTEE

18           (a) Members. There is created the Vermont Pension Investment  
19           Committee, an independent committee, to comprise ~~seven~~ 10 members as  
20           follows:

21           (1) one member and one alternate, ~~who may or may not be trustees of~~  
22           ~~the Board of the Vermont State Employees’ Retirement System~~, elected by the

1 employee and retiree members of ~~that board~~ the Board of the Vermont State  
2 Employees' Retirement System;

3 (2) one member and one alternate, ~~who may or may not be trustees of~~  
4 ~~the Board of the State Teachers' Retirement System of Vermont~~, elected by the  
5 employee and retiree members of ~~that~~ the Board of the State Teachers'  
6 Retirement System of Vermont;

7 (3) one member and one alternate, ~~who may or may not be trustees of~~  
8 ~~the Board of the Vermont Municipal Employees' Retirement System~~, elected  
9 by the municipal employee and municipal official members of ~~that~~ the Board  
10 of the Vermont Municipal Employees' Retirement System;

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

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

14 (6) one member, appointed by the other ~~six voting~~ nine members of the  
15 Committee, who shall serve as Chair of the Committee and at the pleasure of  
16 the Committee;

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

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

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

1       (b) Training. ~~An authority responsible for electing or appointing a member~~  
2 ~~or alternate shall consider the experience and knowledge of potential members~~  
3 ~~and alternates consistent with the purposes of the Committee, and shall inform~~  
4 ~~potential members and alternates that they shall participate in~~ Members and  
5 alternates of the Committee shall be required to participate in onboarding and  
6 ongoing periodic training in investments, securities, and fiduciary  
7 responsibilities as directed by the Committee. The Committee shall provide an  
8 annual report to the respective authorities responsible for electing and  
9 appointing members and alternates regarding attendance at Committee  
10 meetings and relevant educational programs attended.

11       (c) ~~Initially, one appointee and the alternate appointee of the Governor~~  
12 ~~shall serve a two-year term, and the second appointee shall serve for a four-~~  
13 ~~year term. Thereafter, the Governor's appointees and alternate appointee shall~~  
14 ~~serve for four-year terms. Initially, the member and alternate chosen by the~~  
15 ~~Vermont Municipal Employees' Retirement Board shall serve for a two-year~~  
16 ~~term, the member and alternate chosen by the Vermont State Teachers'~~  
17 ~~Retirement Board shall serve for a three-year term and the member and~~  
18 ~~alternate chosen by the Vermont State Employees' Retirement Board shall~~  
19 ~~serve for a four-year term. Thereafter, all members and alternates shall serve~~  
20 ~~for four-year terms.~~ Member terms.

21       (1) Except as provided in subdivision (2) of this section and for the ex-  
22 officio members of the Committee, all members and alternates of the  
23 Committee shall serve staggered four-year terms. A vacancy created before

1 the expiration of a term shall be filled in the same manner as the original  
2 appointment for the unexpired portion of the term. A member or alternate  
3 appointed to fill a vacancy created before the expiration of a term shall not be  
4 deemed to have served a term for the purpose of this subsection. Members and  
5 alternates of the Committee shall be eligible for reappointment and shall serve  
6 not more than three terms. Members and alternates of the Committee may be  
7 removed only for cause. The Committee shall adopt rules pursuant to 3 V.S.A.  
8 chapter 25 to define the basis and process for removal.

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

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

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

17 (d) Chair and vice chair.

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

20 (2) The Vermont Pension Investment Committee shall elect a vice chair  
21 from among its members.

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

4           (f) ~~Four~~ Meetings.

5                 (1) Five members of the Committee shall constitute a quorum.

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

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

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

22           (h) ~~The Committee shall provide an annual report to the respective~~  
23 ~~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 Committee 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 Committee from  
6 the funds of the retirement systems. The Chair of the Committee may be  
7 compensated from the funds at a level not to exceed one-third of the salary of  
8 the State Treasurer, as determined by the other members of the Committee.

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

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

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

19 (3) The Attorney General shall serve as legal advisor to the Committee.

20 § 523. VERMONT PENSION INVESTMENT COMMITTEE; DUTIES

21 (a) General. The Vermont Pension Investment Committee shall be  
22 responsible for the investment of the assets of the State Teachers' Retirement  
23 System of Vermont, the Vermont State Employees' Retirement System, and

1 the Vermont Municipal Employees' Retirement System pursuant to section  
2 472 of this title, 16 V.S.A. § 1943, and 24 V.S.A. § 5063. The Committee  
3 shall strive to maximize total return on investment, within acceptable levels of  
4 risk for public retirement systems, in accordance with the standards of care  
5 established by the prudent investor rule under 14A V.S.A. § 902. The  
6 Committee may, in its discretion, subject to approval by the Attorney General,  
7 also enter into agreements with municipalities administering their own  
8 retirement systems to invest retirement funds for those municipal pension  
9 plans. The State Treasurer shall serve as the custodian of the funds of all three  
10 retirement systems. The Committee may, in its discretion, also enter into  
11 agreements with the State Treasurer to invest the State Employees'  
12 Postemployment Benefits Trust Fund, established in 3 V.S.A. § 479a, and the  
13 Retired Teachers' Health and Medical Benefits Fund, established in 16 V.S.A.  
14 § 1944b.

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

23 (1) Set the following actuarial assumptions:



1           (A) the investment rate of return;

2           (B) the inflation rate; and

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

5           (2) Not more than 180 days after the end of each fiscal year, conduct an  
6 asset allocation study that reviews the expected return of each fund, including a  
7 risk analysis using best practices methodologies to estimate potential risks to  
8 the fund’s asset values over a five-, 10-, and 20-year period, and the remainder  
9 of the statutory amortization period. The study shall be submitted to the House  
10 and Senate Committee on Government Operations, the Office of the Governor  
11 and made publicly available on the State Treasurer’s website within 10 days of  
12 completion.

13           (c) Recordkeeping. The Committee shall keep a record of all its  
14 proceedings, which shall be open for public inspection.

15           (d) Policies. The Committee shall formulate policies and procedures  
16 deemed necessary and appropriate to carry out its functions, including a  
17 written statement of the responsibilities of and expectations for the Chair of the  
18 Committee and standards of conduct for members and employees of the  
19 Committee in order to maintain and promote public confidence in the integrity  
20 of the Board and Committee. The standard of conduct policies shall prohibit  
21 members and employees from receiving or soliciting any gift, including meals,  
22 alcoholic beverages, travel fare, room and board, or any other thing of value,  
23 tangible or intangible, from any vendor or potential vendor of investment

1 services, management services, brokerage services, and other services to the  
2 Committee.

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

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

7 (f) Asset and liability study. Beginning on July 1, 2022, and every three  
8 years thereafter, based on the most recent actuarial valuations of each Plan, the  
9 Committee shall study the assets and liabilities of each Plan over a 20-year  
10 period. The study shall:

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

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

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

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

1           (g) Changes to actuarial rate of return. ~~Notwithstanding any other~~  
2 ~~provision of law to the contrary,~~ Any changes to the actuarial rate of return  
3 shall be made ~~at a joint meeting of~~ by the Committee ~~and the appropriate~~  
4 ~~Retirement Board. The Board and Committee shall review the~~  
5 ~~recommendations of the actuary and the investment consultant. A change to an~~  
6 ~~actuarial rate of return shall be by joint resolution of the Board and Committee.~~  
7 ~~Each body shall vote according to its own procedures. In the event that the~~  
8 ~~Board and Committee are unable to agree on an actuarial rate of return, the~~  
9 ~~existing assumed rate of return shall remain in effect.~~

10           (h) Annual reports.

11           (1) Beginning on January 15, 2022, and every year thereafter, the  
12 Committee shall submit to the House and Senate Committees on Government  
13 Operations:

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

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

21           (2) The Committee shall send to each participant or beneficiary of each  
22 Plan a written or electronic copy of the report described in subdivision (1) of  
23 this subsection, in the format authorized by the participant or beneficiary. The

1 report shall be consolidated with any other reports required to be sent by the  
2 Committee to the participants or beneficiaries of each Plan.

3 Sec. 2. VERMONT PENSION INVESTMENT COMMITTEE;

4 TRANSITION OF MEMBER TERMS

5 The transition of the member terms of the Vermont Pension Investment  
6 Committee, created in Sec. 1 of this act, are as follows:

7 (1) Beginning on July 1, 2021, members shall be appointed to fill the  
8 new member seats established in 3 V.S.A. § 522(a)(7)–(9) in Sec. 1 of this act.  
9 The member appointed pursuant to 3 V.S.A. § 522(a)(8) in Sec. 1 of this act  
10 shall serve an initial term of one year, and the member appointed pursuant to 3  
11 V.S.A. § 522(a)(9) in Sec. 1 of this act shall serve an initial term of two years.

12 (2) Members and alternates serving on the Committee as of the date of  
13 enactment of this act shall serve until the June 30 in the year prior to the  
14 expiration of their current terms or June 30, 2023, whichever is  
15 earlier. Current members and alternates may be reappointed if they meet the  
16 eligibility, qualification, and term limit requirements of 3 V.S.A. § 522 in  
17 Sec. 1 of this act.

18 Sec. 3. VERMONT PENSION INVESTMENT COMMITTEE; FISCAL

19 YEAR 2023 REPORTS

20 (a) On or before January 15, 2022, the Committee shall develop a written  
21 policy for implementing the asset allocation study and the asset and liability  
22 study required by 3 V.S.A. § 523 and shall make the policy publicly available  
23 on the Committee’s website.



1 Retirement System, and taking into account the results of such investigation,  
2 the Retirement Board shall adopt for the Retirement System such mortality,  
3 service, and other tables as shall be deemed necessary and shall certify the  
4 rates of contribution payable under the provisions of this subchapter.

5 \* \* \*

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

7 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

8 \* \* \*

9 (d) Except as otherwise herein provided, no trustee and no employee of the  
10 Board or member of the Committee shall have any direct interest in the gains  
11 or profits of any investment made by the Committee; nor shall any trustee or  
12 employee of the Board or the Committee, directly or indirectly, for himself or  
13 herself or as an agent, in any manner use the same except to make such current  
14 and necessary payments as are authorized by the Board or Committee; nor  
15 shall any trustee or employee of the Board or the Committee become an  
16 endorser or surety, or in any manner an obligor, for the monies loaned to or  
17 borrowed from the Board. The Treasurer, with the approval of the Board and  
18 the Committee, shall adopt by rule standards of conduct for trustees, ~~members~~  
19 ~~of the Committee~~, and employees of the Board and ~~Committee~~ in order to  
20 maintain and promote public confidence in the integrity of the Board and  
21 ~~Committee~~. Such rules shall prohibit trustees and employees from receiving or  
22 soliciting any gift, including meals, alcoholic beverages, travel fare, room and  
23 board, or any other thing of value, tangible or intangible, from any vendor or

1 potential vendor of investment services, management services, brokerage  
2 services, and other services to the Board or Committee. **[FOR COMMITTEE**

3 **DISCUSSION]**

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

5 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE  
6 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

7 \* \* \*

8 (m) Immediately after the establishment of the System, the actuary shall  
9 make such investigation of the mortality, service, and compensation experience  
10 of the members of the System, as the actuary shall recommend and the Board  
11 shall authorize, for the purpose of determining the proper mortality and service  
12 tables to be prepared and submitted to the Board for adoption. Having regard  
13 to such investigation and recommendation, the Board shall adopt for the  
14 System such mortality and service tables as shall be deemed necessary, and  
15 shall certify the rates of contribution payable under the provisions of this  
16 chapter. At least once in each ~~five-year~~ three-year period following the  
17 establishment of the ~~system~~ System, the actuary shall make an actuarial  
18 investigation into the mortality, service, and compensation experience of the  
19 members and beneficiaries of the System, and taking into account the results of  
20 such investigation, the Board shall adopt for the System such mortality,  
21 service, and other tables as shall be deemed necessary and shall certify the  
22 rates of contribution payable under the provisions of this chapter.

23 \* \* \*

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

2 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

3 \* \* \*

4 (d) Except as otherwise provided in this section, no trustee and no  
5 employee of the Board or member of the Vermont Pension Investment  
6 Committee shall have any direct interest in the gains or profits of any  
7 investment made by the Committee; nor shall any trustee or employee of the  
8 Board or Committee, directly or indirectly, for himself or herself or as an  
9 agent, in any manner use the same except to make such current and necessary  
10 payments as are authorized by the Board or Committee; nor shall any trustee or  
11 employee of the Board or Committee become an endorser or surety, or in any  
12 manner an obligor, for the monies loaned to or borrowed from the Board. The  
13 State Treasurer, with the approval of the Board and the Committee, shall adopt  
14 by rule standards of conduct for trustees and employees of the Board in order  
15 to maintain and promote public confidence in the integrity of the Board. Such  
16 rules shall prohibit trustees, members of the Committee, and employees from  
17 receiving or soliciting any gift, including meals, alcoholic beverages, travel  
18 fare, room and board, or any other thing of value, tangible or intangible, from  
19 any vendor or potential vendor of investment services, management services,  
20 brokerage services, and other services to the Board. **[FOR COMMITTEE**  
21 **DISCUSSION]**

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

23 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES





1 are authorized by the Board or Committee; nor shall any trustee or employee of  
2 the Board or Committee become an endorser or surety, or in any manner an  
3 obligor, for monies loaned to or borrowed from the Board. **[FOR**

4 **COMMITTEE DISCUSSION]**

5 Sec. 10. **PENSION BENEFITS, DESIGN, AND FUNDING TASK FORCE;**

6 STATE EMPLOYEES' RETIREMENT SYSTEM; STATE

7 TEACHERS' RETIREMENT SYSTEM; REPORT

8 (a) Creation. There is created the Pension Benefit, Design, and Funding  
9 Task Force to review and report on the benefits, design, and funding of  
10 retirement and retiree health benefit plans for the Vermont State Employees'  
11 Retirement System and the Vermont State Teachers' Retirement System.

12 (b) Membership.

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

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

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

19 (C) the Director of the Retirement Division, Office of the State  
20 Treasurer or designee;

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

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

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

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

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

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

11           (B) The members appointed pursuant to subdivisions (1)(F)–(I) of  
12 this subsection (b) shall not be currently serving as a legislator or the spouse or  
13 partner of an individual currently serving as a legislator.

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

17           (c) Powers and duties.

18           (1) The Task Force shall make recommendations about benefit  
19 provisions and appropriate funding sources along with other recommendations  
20 it deems appropriate for consideration, consistent with actuarial and  
21 governmental accounting standards, as well as demographic and workforce  
22 trends and the long-term sustainability of the benefit programs, including the  
23 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 value  
5 of assets by a sum equivalent to the amount of the increase from fiscal year  
6 2021 to fiscal year 2022, as reported in the Vermont State Employees'  
7 Retirement System Actuarial Valuation and Review, dated June 30, 2020  
8 and the Vermont State Teachers' Retirement System Actuarial Valuation  
9 and Review, dated June 30, 2020.

10 (ii) reduces the actuarially determined employer contributions by a  
11 sum equivalent to the amount of the increase from fiscal year 2021 to fiscal  
12 year 2022, as reported in the Vermont State Employees' Retirement System  
13 Actuarial Valuation and Review, dated June 30, 2020 and the Vermont  
14 State Teachers' Retirement System Actuarial Valuation and Review, dated  
15 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 ten-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 adequate  
21 benefits within the established cost containment benchmarks, including an  
22 evaluation of a shared-risk model for employee contributions and cost-of-  
23 living adjustments; and

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

3                   (D) evaluating proposed changes to benefits or contributions with  
4                   respect to:

5                   (i) the intermediate and long-term economic impacts to the State  
6                   and local economics and their potential impact on retiree spending;

7                   (ii) the impact on recruitment and retention of members of State  
8                   employees and teachers as compared to the current benefit structure  
9                   and contribution rates; and

10                  (iii) the pre-retirement and post-retirement welfare and financial  
11                  security of:

12                               (I) State employees and teachers who identify as female  
13                               or as a member of the Black, Indigenous, and Persons of Color  
14                               community (BIPOC); and

15                               (II) State employees and teachers who has [a family  
16                               income of X percent less than?] the federal poverty level during their  
17                               years of active employment and during their retirement.

18                   **[FOR COMMITTEE DISCUSSION]**

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

1           (F) evaluating alternative plan designs, such as hybrid or defined  
2           contribution plan options or a combination of a defined benefit plan and a  
3           defined contribution plan.

4           (G) examining permanent and temporary revenue streams to fund the  
5           Vermont State Employees' Retirement System and the State Teachers'  
6           Retirement System, **[KEEP THIS LANGUAGE? “including**  
7           **contributions from the State and employees, to achieve benefit and**  
8           **funding benchmarks”];**

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

11          (I) a plan to lower other postemployment benefits healthcare costs,  
12          including reviewing health benefit design innovations, State regulatory  
13          measures, and alternative methods of providing pooled healthcare benefits.

14          (2) The Task Force shall not make recommendations on adjusting the  
15          assumed rates of return.

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

18               (1) solicit input, including through public hearings, from affected  
19               stakeholders; and

20               (2) consult with Group D members of the State Employees' Retirement  
21               System and members of the State Employees' Retirement System employed as  
22               State correctional officers.

23          (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.

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.

13           (g) Report. On or before September 1, 2021, the Task Force shall submit a  
14 written report to the Governor and to the House and Senate Committees on  
15 Government Operations with its findings and any recommendations for  
16 legislative action. The Task Force shall also provide the report to the Board of  
17 Trustees of the State Employees' and Teachers' Retirement Systems for their  
18 consideration and comment to the General Assembly.

19           (h) Meetings.

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

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

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

2           (i) Compensation and reimbursement.

3           (1) For attendance at meetings during adjournment of the General  
4           Assembly, a legislative member of the Task Force serving in his or her  
5           capacity as a legislator shall be entitled to per diem compensation and  
6           reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than  
7           12 meetings. These payments shall be made from monies appropriated to the  
8           General Assembly.

9           (2) Other member of the Task Force shall who are not State employees  
10          shall be entitled to per diem compensation and reimbursement of expenses as  
11          permitted under 32 V.S.A. § 1010 for not more than 12 meetings. These  
12          payments shall be made from monies appropriated to the State Treasurer.

13          Sec. 11. EFFECTIVE DATE

14          This act shall take effect on passage.