

VERMONT ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
*SERVING EDUCATION THROUGH SOUND BUSINESS PRACTICE*  
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To: House Committee on Government Operations  
From: Michelle Baker, VASBO President  
Subject: April 13, 2022 Testimony regarding Administrative Requirements associated with Pension Task Force Recommendations  
Date: April 12, 2022

As the President of the Vermont Association of School Business Officials, or VASBO, I'm here to express our concerns regarding the costly administrative requirements (time, staffing and money) that will be placed on the 54 local Supervisory Union and School District offices if the new pension calculations associated with the Pension Task force proposal proceed.

I want to convey that this issue did not come to light until Colin Robinson of VTNEA came to the February meeting of VASBO and made a presentation to the membership on the proposal. School business officials were not consulted through the process of developing the proposal laid out in S.286 even though school business offices will apparently be required to participate in making the system work.

Given the level of concern from business officials expressed at that meeting on their ability to implement a unique teacher retirement contribution rate, given the number of financial calculations involved and financial system limitations, VASBO issued a letter to this committee regarding the administrative concerns on February 22nd.

A committee of VASBO members also met with the VTNEA and VSA which led to further, ongoing, meetings with the Vermont State Treasurer, Beth Pearce, members of her staff, the AOE, VT NEA and VSA. We have had several meetings with this group to identify the concerns and brainstorm possible solutions.

What has been determined thus far is:

-Of the four primary computerized financial systems used by SU/SD's, none can automate the teachers deduction as proposed by July 1st. Therefore, calculations would need to be made manually. Practically and logistically speaking, this can not be accomplished by July 1. For context, my district has 235 Teachers and will need to set up approximately 107 individual deductions which then need to be manually attached in the payroll system to each teacher. This will be an annual process.

Only two of the finance systems currently used, eFinance and Tyler IV, can potentially be updated in the future, at a cost, to automate this deduction but the updates are very unlikely to be able to be completed by July 1st. Those districts using NEMRC and Pro-Fund have no ability to automate the deduction.

-Given the challenging employment environment and the existing reporting requirements associated with a June 30th fiscal year end, SU/SD's do not have the resource capacity to do the work associated with setting up hundreds of individual retirement contribution deductions.

-Given that deductions will need to be calculated manually on an annual basis,, the potential for error increases. We are concerned about the effect on employees if it is discovered that they have not been contributing the right rate, how will that affect their retirement pension?

-Given the number of deductions and the manual calculations the proposal will lead to higher costs including:

- Higher audit costs for individual districts and the State of Vermont
- Costs associated with Financial System automation of the deduction where possible
- Personnel costs associated with calculating individual deductions for each teacher, entering them into the payroll system annually and reconciliation

Again, I want to be clear that it will be challenging, if not impossible for most districts to implement the VSTRS contributions as proposed by S286. A significant, complex, change such as this requires the appropriate planning time for a successful implementation. Even with additional funding, it is not feasible by July 1, 2022 given the number of individual deductions, the lack of human resources and the inability of financial systems to be reprogrammed in the next couple of months.