

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:

20 (1) "~~Committee~~ Commission" means the Vermont Pension Investment

21 ~~Committee~~ Commission.

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

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

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

8 (i) the individual is a beneficiary of any of the Plans; or

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

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

17 (C) An individual shall be considered independent pursuant to this
18 subdivision (3) if the individual’s spouse, parent, child, sibling, or in-law is a
19 beneficiary of any of the Plans, provided the individual files an annual
20 disclosure report to the Commission.

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

5 § 522. VERMONT PENSION INVESTMENT ~~COMMITTEE~~

6 COMMISSION

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

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

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

18 (3) one member and one alternate, ~~who may or may not be trustees of~~
19 ~~the Board of the Vermont Municipal Employees’ Retirement System,~~ elected
20 by the municipal employee and municipal official members of ~~that~~ the Board
21 of the Vermont Municipal Employees’ Retirement System;

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

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

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

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

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

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

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

1 electing and appointing members and alternates regarding attendance at
2 Commission meetings and relevant educational programs attended.

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

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

1 alternate shall not be used to calculate a member's total term limit. Members
2 and alternates of the Commission may be removed only for cause. The
3 Commission shall adopt rules pursuant to chapter 25 of this title to define the
4 basis and process for removal.

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

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

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

13 (d) Chair and vice chair.

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

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

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

21 (f) ~~Four~~ Meetings.

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

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

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

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

19 (h) ~~The Committee shall provide an annual report to the respective~~
20 ~~authorities responsible for electing and appointing members and alternates~~
21 ~~regarding attendance at Committee meetings and relevant educational~~

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

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

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

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

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

20 (b) ~~Members and alternates of the Committee who are not public~~
21 ~~employees shall be entitled to compensation as set forth in 32 V.S.A. § 1010~~

1 ~~and reimbursement for all necessary expenses that they may incur through~~
2 ~~service on the committee from the funds of the retirement systems. The Chair~~
3 ~~of the Committee may be compensated from the funds at a level not to exceed~~
4 ~~one-third of the salary of the State Treasurer, as determined by the other~~
5 ~~members of the Committee~~ Powers and Duties. The Commission shall have
6 the following duties:

7 (1) Set the following actuarial assumptions:

8 (A) the investment rate of return;

9 (B) the inflation rate; and

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

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

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

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

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

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

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

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

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

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

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

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

1 (h) Annual reports.

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

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

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

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

17 Sec. 2. VERMONT PENSION INVESTMENT COMMISSION;

18 TRANSITION OF MEMBER TERMS

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

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

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

12 Sec. 3. VERMONT PENSION INVESTMENT COMMISSION; FISCAL
13 YEAR 2022 REPORTS

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

17 (b) On or before July 1, 2021, the Commission shall hire an independent
18 third party to review and report on the operations of the Commission and the
19 Retirement Division of the State Treasurer’s office and make recommendations
20 on best practices and necessary actions to transfer the Commission to a stand-
21 alone entity. The report shall include a review of budgetary authority,

1 frequency of trainings, transfer or hiring of personnel, and compensation of the
2 Commission Chair and Commission employees. On or before January 15,
3 2022, the Commission shall submit a copy of the report to the House and
4 Senate Committees on Government Operations.

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

6 § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
7 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

8 * * *

9 (j) The Retirement Board shall designate an actuary who shall be the
10 technical advisor of the Board on matters regarding the operation of the Fund
11 of the Retirement System, and shall perform such other duties as are required
12 in connection therewith. Immediately after the establishment of the Retirement
13 System, the Retirement Board shall adopt for the Retirement System such
14 mortality and service tables as shall be deemed necessary and shall certify the
15 rates of contribution payable under the provisions of this subchapter. At least
16 once in each ~~five-year~~ three-year period following the establishment of the
17 System, the actuary shall make an actuarial investigation into the mortality,
18 service, and compensation experience of the members and beneficiaries of the
19 Retirement System, and taking into account the results of such investigation,
20 the Retirement Board shall adopt for the Retirement System such mortality,

1 service, and other tables as shall be deemed necessary and shall certify the
2 rates of contribution payable under the provisions of this subchapter.

3 * * *

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

5 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

6 * * *

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

1 board, or any other thing of value, tangible or intangible, from any vendor or
2 potential vendor of investment services, management services, brokerage
3 services, and other services to the Board or ~~Committee~~ Commission.

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,

1 service, and other tables as shall be deemed necessary and shall certify the
2 rates of contribution payable under the provisions of this chapter.

3 * * *

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

5 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

6 * * *

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

1 fare, room and board, or any other thing of value, tangible or intangible, from
2 any vendor or potential vendor of investment services, management services,
3 brokerage services, and other services to the Board.

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

5 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
6 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

7 * * *

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

19 * * *

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

2 § 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

3 * * *

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

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

15 STATE EMPLOYEES' RETIREMENT SYSTEM; STATE

16 TEACHERS' RETIREMENT SYSTEM; REPORT

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

21 (b) Membership.

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

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

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

7 (C) the Director of the Retirement Division, Office of the State
8 Treasurer or designee;

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

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

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

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

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

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

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

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

7 (c) Powers and duties.

8 (1) The Task Force shall make recommendations about benefit
9 provisions and appropriate funding sources along with other recommendations
10 it deems appropriate for consideration, consistent with actuarial and
11 governmental accounting standards, as well as demographic and workforce
12 trends and the long-term sustainability of the benefit programs, including the
13 following:

14 (A) setting a pension stabilization target number for the State
15 Employees' Retirement System and the State Teachers' Retirement System
16 that:

17 (i) reduces the actuarial accrued liability based on actuarial
18 value of assets by a sum equivalent to the amount of the increase from fiscal
19 year 2021 to fiscal year 2022, as reported in the Vermont State Employees'
20 Retirement System Actuarial Valuation and Review, dated June 30, 2020

1 and the Vermont State Teachers' Retirement System Actuarial Valuation
2 and Review, dated June 30, 2020; and

3 (ii) reduces the actuarially determined employer contributions
4 by a sum equivalent to the amount of the increase from fiscal year 2021 to
5 fiscal year 2022, as reported in the Vermont State Employees' Retirement
6 System Actuarial Valuation and Review, dated June 30, 2020 and the
7 Vermont State Teachers' Retirement System Actuarial Valuation and
8 Review, dated June 30, 2020;

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

12 (C) based on benefit and funding benchmarks:

13 (i) proposed new benefit structures with the objective of
14 adequate benefits within the established cost containment benchmarks,
15 including an evaluation of a shared-risk model for employee contributions
16 and cost-of-living adjustments; and

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

19 (D) evaluating the intermediate and long-term economic impacts
20 to the State and local economies and their potential impact on retiree
21 spending;

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

4 (F) evaluating alternative plan designs, such as hybrid or defined
5 contribution plan options or a combination of a defined benefit plan and a
6 defined contribution plan;

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

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

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

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

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

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

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

8 (e) Assistance.

9 (1) The Task Force shall have:

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

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

13 (C) committee support services from the Office of Legislative
14 Operations.

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

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

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

7 (h) Meetings.

8 (1) The members appointed pursuant to subdivisions (b)(1)(A) and (B)
9 of this section shall appoint a House and Senate member as co-chairs, who
10 shall call the first meeting of the Task Force to occur on or before June 15,
11 2021.

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

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

14 (i) Compensation and reimbursement.

15 (1) For attendance at meetings during adjournment of the General
16 Assembly, a legislative member of the Task Force serving in his or her
17 capacity as a legislator shall be entitled to per diem compensation and
18 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than
19 15 meetings. These payments shall be made from monies appropriated to the
20 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
8 Committee” with “Vermont Pension Investment Commission” throughout the
9 statutes as needed for consistency with Secs. 1–9 of this act, provided the
10 revisions have no other effect on the meaning of the affected statutes.

11 Sec. 12. EFFECTIVE DATE

12 This act shall take effect on passage.