

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 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 Design and Funding  
11 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. “Independent” does not mean an  
3           individual, including an individual’s spouse, parent, child, sibling, or in-law,  
4           who has had a material direct or indirect economic relationship in the past five  
5           years with the Plans, including as an employee, director, officer, consultant,  
6           owner of more than five percent of a publicly-traded entity, consultant,  
7           manager, or other material role with any entity servicing the Plans.

8           (4) “Plans” means the State Teachers’ Retirement System of Vermont,  
9           the Vermont State Employees’ Retirement System, and the Vermont Municipal  
10           Employees’ Retirement System pursuant to section 472 of this title, 16 V.S.A.  
11           § 1943, and 24 V.S.A. § 5063.

12           § 522. VERMONT PENSION INVESTMENT COMMITTEE

13           (a) Members. There is created the Vermont Pension Investment  
14           Committee to comprise ~~seven~~ 10 members as follows:

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

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

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

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

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

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

11           (7) the Commissioner of Finance and Management or designee, an ex-  
12 officio voting member;

13           (8) one municipal employer, who shall be independent, appointed by the  
14 Executive Director of the Vermont League of Cities and Towns; and

15           (9) one school employer, who shall be independent, appointed by the  
16 Vermont School Boards Association.

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

1 respective authorities responsible for electing and appointing members and  
2 alternates regarding attendance at Committee meetings and relevant  
3 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 Committee, all members of the Committee shall serve  
16 staggered four-year terms. A vacancy created before the expiration of a term  
17 shall be filled in the same manner as the original appointment for the unexpired  
18 portion of the term. A member appointed to fill a vacancy created before the  
19 expiration of a term shall not be deemed to have served a term for the purpose  
20 of this subsection. Members of the Committee shall be eligible for  
21 reappointment and shall serve not more than three terms.

22 (2) The Chair shall serve not more than 20 years on the Committee as a  
23 Chair or Committee member. If the Chair is unable to perform his or her

1 duties, the Committee shall elect an interim Chair who shall be a financial  
2 expert or independent.

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

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

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

11 (d) Chair and Vice Chair.

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

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

16 ~~(e) The Vermont Pension Investment Committee shall elect a vice chair~~  
17 ~~from among its members~~ Eligibility.

18 (1) No legislator who is currently serving in the General Assembly shall  
19 serve on the Commission.

20 (2) All members appointed or elected to the Committee shall be State  
21 residents. [FOR COMMITTEE DISCUSSION]

22 (f) ~~Four~~ Meetings.

23 (1) Six members of the Committee shall constitute a quorum.

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

4           (3) ~~Four~~ Six concurring votes shall be necessary for a decision of the  
5 Committee at any meeting of the Committee. ~~The Committee shall be attached~~  
6 ~~to the Office of the State Treasurer for administrative support, and the~~  
7 ~~expenses of the Committee and the Treasurer's office in support of the~~  
8 ~~Committee shall be paid proportionately from the funds of the three retirement~~  
9 ~~systems and any individual municipalities that have been allowed to invest~~  
10 ~~their retirement funds pursuant to subsection 523(a) of this title.~~

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

14           (h) ~~The Committee shall provide an annual report to the respective~~  
15 ~~authorities responsible for electing and appointing members and alternates~~  
16 ~~regarding attendance at Committee meetings and relevant educational~~  
17 ~~programs attended~~ Compensation and reimbursements. Members and  
18 alternates of the Committee who are not public employees shall be entitled to  
19 compensation as set forth in 32 V.S.A. § 1010 and reimbursement for all  
20 necessary expenses that they may incur through service on the Committee from  
21 the funds of the retirement systems. The Chair of the Committee may be  
22 compensated from the funds at a level not to exceed one-third of the salary of  
23 the State Treasurer, as determined by the other members of the Committee.

1       (i) ~~A vacancy of an elected or appointed member or alternate shall be filled~~  
2       ~~for the remainder of the term by the authority responsible for electing or~~  
3       ~~appointing that member or alternate~~ Administrative and legal support. The  
4       Committee shall be attached to the Office of the State Treasurer for  
5       administrative support, and the expenses of the Committee and the Treasurer's  
6       office in support of the Committee shall be paid proportionately from the funds  
7       of the three retirement systems and any individual municipalities that have  
8       been allowed to invest their retirement funds pursuant to subsection 523(a) of  
9       this title. The Attorney General shall serve as legal advisor to the Committee.

10       § 523. VERMONT PENSION INVESTMENT COMMITTEE; DUTIES

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

1 agreements with the State Treasurer to invest the State Employees’  
2 Postemployment Benefits Trust Fund, established in 3 V.S.A. § 479a, and the  
3 Retired Teachers’ Health and Medical Benefits Fund, established in 16 V.S.A.  
4 § 1944b.

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

13 (1) Set the following actuarial assumptions:

14 (A) the investment rate of return;

15 (B) the inflation rate; and

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

18 (2) Not more than 90 days after the end of each fiscal year, conduct an  
19 asset allocation study that reviews the expected return of each fund, including a  
20 risk analysis using best practices methodologies to estimate potential risks to  
21 the fund’s asset values over a five-, 10-, and 20-year period, and the remainder  
22 of the statutory amortization period. The study shall be submitted to the



1 General Assembly and the Office of the Governor and made publicly available  
2 on the State Treasurer’s website within 10 days of completion.

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

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

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

18 (f) Contracts approved by the Committee and related documents may be  
19 executed by the Chair, or in the Chair’s absence, the Vice Chair.

20 (f) Asset and liability study. Beginning on July 1, 2022, and every three  
21 years thereafter, based on the most recent actuarial valuations of each Plan, the  
22 Committee shall study the assets and liabilities of each Plan over a 20-year  
23 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 ~~and the appropriate~~  
16           ~~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. Beginning on January 15, 2022, and every year  
2       thereafter, the Committee shall submit to the House and Senate Committees on  
3       Government Operations:

4             (1) a report on the performance of each Plan versus its benchmark over  
5             three-, five-, seven-, and ten-year period, and the funding ratio of each plan to  
6             each plan beneficiary at the end of each fiscal year; and

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

10       Sec. 2. VERMONT PENSION INVESTMENT COMMITTEE;

11             TRANSITION OF MEMBER TERMS

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

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

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

21       Sec. 3. VERMONT PENSION INVESTMENT COMMITTEE; FISCAL

22             YEAR 2023 REPORTS

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

5       (b) On or before July 1, 2021, the Committee shall hire an independent  
6       third party to review and report on the operations of the Committee and the  
7       Retirement Division of the Treasurer’s Office and make recommendations on  
8       best practices and necessary actions to transfer the Committee to a standalone  
9       entity. The report shall include a review of budgetary authority, frequency of  
10       trainings, transfer or hiring of personnel, and compensation. On or before  
11       January 15, 2022, the Committee shall submit a copy of the report to the House  
12       and Senate Committees on Government Operations.

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

14       § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES  
15               OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

16                               \* \* \*

17       (j) The Retirement Board shall designate an actuary who shall be the  
18       technical advisor of the Board on matters regarding the operation of the Fund  
19       of the Retirement System, and shall perform such other duties as are required  
20       in connection therewith. Immediately after the establishment of the Retirement  
21       System, the Retirement Board shall adopt for the Retirement System such  
22       mortality and service tables as shall be deemed necessary and shall certify the  
23       rates of contribution payable under the provisions of this subchapter. At least

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

8 \* \* \*

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

10 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

11 \* \* \*

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

1 **Committee.** Such rules shall prohibit trustees and employees from receiving or  
2 soliciting any gift, including meals, alcoholic beverages, travel fare, room and  
3 board, or any other thing of value, tangible or intangible, from any vendor or  
4 potential vendor of investment services, management services, brokerage  
5 services, and other services to the Board or Committee. **[FOR COMMITTEE**

6 **DISCUSSION]**

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

8 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE  
9 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

10 \* \* \*

11 (m) Immediately after the establishment of the System, the actuary shall  
12 make such investigation of the mortality, service, and compensation experience  
13 of the members of the System, as the actuary shall recommend and the Board  
14 shall authorize, for the purpose of determining the proper mortality and service  
15 tables to be prepared and submitted to the Board for adoption. Having regard  
16 to such investigation and recommendation, the Board shall adopt for the  
17 System such mortality and service tables as shall be deemed necessary, and  
18 shall certify the rates of contribution payable under the provisions of this  
19 chapter. At least once in each ~~five-year~~ three-year period following the  
20 establishment of the ~~system~~ System, the actuary shall make an actuarial  
21 investigation into the mortality, service, and compensation experience of the  
22 members and beneficiaries of the System, and taking into account the results of  
23 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 shall have any direct interest in the gains or profits of any  
10 investment made by the Committee; nor shall any trustee or employee of the  
11 Board or Committee, directly or indirectly, for himself or herself or as an  
12 agent, in any manner use the same except to make such current and necessary  
13 payments as are authorized by the Board or Committee; nor shall any trustee or  
14 employee of the Board or Committee become an endorser or surety, or in any  
15 manner an obligor, for the monies loaned to or borrowed from the Board. The  
16 State Treasurer, with the approval of the Board and the Committee, shall adopt  
17 by rule standards of conduct for trustees and employees of the Board in order  
18 to maintain and promote public confidence in the integrity of the Board. Such  
19 rules shall prohibit trustees, members of the Committee, and employees from  
20 receiving or soliciting any gift, including meals, alcoholic beverages, travel  
21 fare, room and board, or any other thing of value, tangible or intangible, from  
22 any vendor or potential vendor of investment services, management services,

1 brokerage services, and other services to the Board. **[FOR COMMITTEE**

2 **DISCUSSION]**

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

4 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES  
5 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

6 \* \* \*

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

18 \* \* \*

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

20 § 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

21 \* \* \*

22 (e) Except as otherwise herein provided, no trustee and no employee of the  
23 Retirement Board or Vermont Pension Investment Committee shall have any



1 direct interest in the gains or profits of any investment made by the Committee,  
2 nor shall any trustee, member of the Committee, or employee of the Board or  
3 Committee, directly or indirectly, for himself or herself or as an agent, in any  
4 manner use the same except to make such current and necessary payments as  
5 are authorized by the Board or Committee; nor shall any trustee or employee of  
6 the Board or Committee become an endorser or surety, or in any manner an  
7 obligor, for monies loaned to or borrowed from the Board. **[FOR**

8 **COMMITTEE DISCUSSION]**

9 Sec. 10. PENSION DESIGN AND FUNDING TASK FORCE; STATE  
10 EMPLOYEES' RETIREMENT SYSTEM; STATE TEACHERS'  
11 RETIREMENT SYSTEM; REPORT

12 (a) Creation. There is created the Pension Design and Funding Task Force  
13 to review and report on the design and funding of retirement and retiree health  
14 benefit plans for the Vermont State Employees' Retirement System and the  
15 Vermont State Teachers' Retirement System.

16 (b) Membership.

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

18 (A) Three current members of the House of Representatives, not all  
19 from the same political party, who shall be appointed by the Speaker of the  
20 House;

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

1           (C) the Director of the Retirement Division, Office of the State

2 Treasurer or designee;

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

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

5           (F) two members, who shall be appointed by the president of the

6 Vermont-NEA;

7           (G) two members, who shall be appointed by the president of the

8 Vermont State Employees Association, or designee;

9           (H) one school board member, who shall be appointed by the

10 Committee on Committees; and

11           (I) one member of the business community, who shall be appointed

12 by the Speaker of the House.

13           (2)(A) The members appointed pursuant to subdivisions (1)(A) and (B)

14 of this subsection (b) shall not be direct or indirect beneficiaries of the

15 Vermont State Employees' Retirement System or the Vermont State Teachers'

16 Retirement System.

17           (B) The members appointed pursuant to subdivisions (1)(F)–(I) of

18 this subsection (b) shall not be currently serving as a legislator or the spouse or

19 partner of an individual currently serving as a legislator.

20           (c) Powers and duties. The Task Force shall make recommendations about

21 plan design, benefit provisions, and appropriate funding sources, along with

22 other recommendations it deems appropriate for consideration, consistent with

23 actuarial and governmental accounting standards, as well as demographic and

1 workforce trends and the long-term sustainability of the benefit programs,

2 including the following:

3 (1) an evaluation of current benefits structures and contribution  
4 characteristics in comparison to other comparable public and private systems;

5 (2) an estimate of the cost of current and proposed benefits structures on  
6 a budgetary, pay-as-you-go basis and full actuarial accrual basis;

7 (3) a five-year review of benefit expenditure levels as well as employer  
8 and employee contribution levels and growth rates and a three-, five- and  
9 ten-year projection of these levels and rates;

10 (4) based on benefit and funding benchmarks, options for providing new  
11 benefit structures with the objective of adequate benefits within the established  
12 cost containment benchmarks;

13 (5) funding methods, including contributions from the State,  
14 municipalities, and employees, to achieve these objectives;

15 (6) an evaluation of a shared-risk model for employee contributions and  
16 cost-of-living adjustments;

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

19 (8) setting a pension stabilization target number.

20 (d) Stakeholder input. During the course of its deliberations and prior to  
21 any final recommendations being made, the Task Force should solicit input,  
22 including through public hearings, from the affected stakeholders.

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 Joint Fiscal Committee may provide benchmark targets  
8 reducing the rate of expenditure growth for retirement and retiree health  
9 benefits to the Task Force to guide the development of recommendations.

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

13           (f) 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           (g) 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 July 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           (h) 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           six 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 six 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.