

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 title, membership, and duties of the Vermont Pension Investment Commission,

8 and (2) create the Pension Benefits, Design, and Funding Task Force.

9 An act relating to the membership and duties of the Vermont Pension
10 Investment Commission 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 COMMISSION

17 § 521. DEFINITIONS

18 As used in this chapter:

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

20 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 Plan
7 if: (i) **the individual is a beneficiary of any of the Plans;** or (ii) the individual
8 or the individual’s spouse, parent, child, sibling, or in-law is or has been within
9 the past five years an employee, director, officer, **owner of a publicly traded**
10 **company, consultant,** manager, or had another material role with an entity
11 servicing the Plan.

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

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

21 (4) “Plans” means the State Teachers’ Retirement System of Vermont,
22 the Vermont State Employees’ Retirement System, and the Vermont Municipal

1 Employees’ Retirement System pursuant to section 472 of this title, 16 V.S.A.

2 § 1943, and 24 V.S.A. § 5063.

3 § 522. VERMONT PENSION INVESTMENT **COMMITTEE**

4 **COMMISSION**

5 (a) Members. There is created the Vermont Pension Investment

6 **Committee Commission, an independent commission,** to comprise ~~seven~~ 10

7 members as follows:

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

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

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

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

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

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

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

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

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

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

20 (c) ~~Initially, one appointee and the alternate appointee of the Governor~~
21 ~~shall serve a two year term, and the second appointee shall serve for a four-~~
22 ~~year term. Thereafter, the Governor's appointees and alternate appointee shall~~
23 ~~serve for four year terms. Initially, the member and alternate chosen by the~~

1 ~~Vermont Municipal Employees' Retirement Board shall serve for a two-year~~
2 ~~term, the member and alternate chosen by the Vermont State Teachers'~~
3 ~~Retirement Board shall serve for a three-year term and the member and~~
4 ~~alternate chosen by the Vermont State Employees' Retirement Board shall~~
5 ~~serve for a four-year term. Thereafter, all members and alternates shall serve~~
6 ~~for four-year terms. Member terms.~~

7 (1) Except as provided in subdivision (2) of this section and for the ex-
8 officio members of the Commission, all members and alternates of the
9 Commission shall serve staggered four-year terms. A vacancy created before
10 the expiration of a term shall be filled in the same manner as the original
11 appointment for the unexpired portion of the term. A member or alternate
12 appointed to fill a vacancy created before the expiration of a term shall not be
13 deemed to have served a term for the purpose of this subsection. Members and
14 alternates of the Commission shall be eligible for reappointment and shall
15 serve not more than three terms; provided, however, that any term served as an
16 alternate shall not be used to calculate a member's total term limit. Members
17 and alternates of the Commission may be removed only for cause. The
18 Commission shall adopt rules pursuant to 3 V.S.A. chapter 25 to define the
19 basis and process for removal.

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

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

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

5 (d) Chair and vice chair.

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

8 (2) The Vermont Pension Investment **Commission** shall elect a vice
9 chair from among its members.

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

13 (f) ~~Four~~ Meetings.

14 (1) Five members of the ~~Committee~~ **Commission** shall constitute a
15 quorum.

16 (2) If a member is not in attendance, the alternate of that member shall
17 be eligible to act as a member of the ~~Committee~~ **Commission** during the
18 absence of the member.

19 (3) ~~Four~~ Five concurring votes shall be necessary for a decision of the
20 ~~Committee~~ **Commission** at any meeting of the ~~Committee~~ **Commission, except**
21 **that any decision of the Commission relating to setting actuarial assumptions**
22 **pursuant to Sec. 523(b)(1) of this title shall require six concurring votes.** ~~The~~
23 ~~Committee shall be attached to the Office of the State Treasurer for~~

1 administrative support, and the expenses of the Committee and the Treasurer's
2 office in support of the Committee shall be paid proportionately from the funds
3 of the three retirement systems and any individual municipalities that have
4 been allowed to invest their retirement funds pursuant to subsection 523(a) of
5 this title.

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

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

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

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

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

6 (3) The Attorney General shall serve as legal advisor to the
7 Commission.

8 § 523. VERMONT PENSION INVESTMENT COMMITTEE

9 COMMISSION; DUTIES

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

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

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

12 (1) Set the following actuarial assumptions:

13 (A) the investment rate of return;

14 (B) the inflation rate; and

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

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

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

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

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

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

19 (f) Asset and liability study. Beginning on July 1, 2022, and every three
20 years thereafter, based on the most recent actuarial valuations of each Plan, the
21 Commission shall study the assets and liabilities of each Plan over a 20-year
22 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.~~

22 (h) Annual reports.

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

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

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

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

16 Sec. 2. VERMONT PENSION INVESTMENT COMMITTEE;

17 TRANSITION OF MEMBER TERMS

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

20 (1) Beginning on July 1, 2021, members shall be appointed to fill the
21 new member seats established in 3 V.S.A. § 522(a)(7)–(9) in Sec. 1 of this act.
22 The member appointed pursuant to 3 V.S.A. § 522(a)(8) in Sec. 1 of this act

1 shall serve an initial term of one year, and the member appointed pursuant to 3
2 V.S.A. § 522(a)(9) in Sec. 1 of this act shall serve an initial term of two years.

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

9 Sec. 3. VERMONT PENSION INVESTMENT COMMISSION; FISCAL
10 YEAR 2023 REPORTS

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

14 (b) On or before July 1, 2021, the Commission shall hire an independent
15 third party to review and report on the operations of the Commission and the
16 Retirement Division of the Treasurer’s Office and make recommendations on
17 best practices and necessary actions to transfer the Commission to a standalone
18 entity. The report shall include a review of budgetary authority, frequency of
19 trainings, transfer or hiring of personnel, and compensation of the Commission
20 Chair and Commission employees. On or before January 15, 2022, the
21 Commission shall submit a copy of the report to the House and Senate
22 Committees on Government Operations.

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

1 § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
2 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

3 * * *

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

18 * * *

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

20 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

21 * * *

22 (d) Except as otherwise herein provided, no trustee and no employee of the
23 Board or member of the Committee Commission shall have any direct interest

1 in the gains or profits of any investment made by the Committee Commission;
2 nor shall any trustee or employee of the Board or the Committee Commission,
3 directly or indirectly, for himself or herself or as an agent, in any manner use
4 the same except to make such current and necessary payments as are
5 authorized by the Board or Committee Commission; nor shall any trustee or
6 employee of the Board or the Committee Commission become an endorser or
7 surety, or in any manner an obligor, for the monies loaned to or borrowed from
8 the Board. The Treasurer, with the approval of the Board and the Committee
9 Commission, shall adopt by rule standards of conduct for trustees, ~~members of~~
10 ~~the Committee~~, and employees of the Board and ~~Committee~~ in order to
11 maintain and promote public confidence in the integrity of the Board and
12 ~~Committee~~. Such rules shall prohibit trustees and employees from receiving or
13 soliciting any gift, including meals, alcoholic beverages, travel fare, room and
14 board, or any other thing of value, tangible or intangible, from any vendor or
15 potential vendor of investment services, management services, brokerage
16 services, and other services to the Board or Committee Commission.

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

18 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE
19 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

20 * * *

21 (m) Immediately after the establishment of the System, the actuary shall
22 make such investigation of the mortality, service, and compensation experience
23 of the members of the System, as the actuary shall recommend and the Board

1 shall authorize, for the purpose of determining the proper mortality and service
2 tables to be prepared and submitted to the Board for adoption. Having regard
3 to such investigation and recommendation, the Board shall adopt for the
4 System such mortality and service tables as shall be deemed necessary, and
5 shall certify the rates of contribution payable under the provisions of this
6 chapter. At least once in each ~~five-year~~ three-year period following the
7 establishment of the ~~system~~ System, the actuary shall make an actuarial
8 investigation into the mortality, service, and compensation experience of the
9 members and beneficiaries of the System, and taking into account the results of
10 such investigation, the Board shall adopt for the System such mortality,
11 service, and other tables as shall be deemed necessary and shall certify the
12 rates of contribution payable under the provisions of this chapter.

13 * * *

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

15 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

16 * * *

17 (d) Except as otherwise provided in this section, no trustee and no
18 employee of the Board or member of the Vermont Pension Investment
19 Committee Commission shall have any direct interest in the gains or profits of
20 any investment made by the Committee Commission, nor shall any trustee or
21 employee of the Board or Committee Commission, directly or indirectly, for
22 himself or herself or as an agent, in any manner use the same except to make
23 such current and necessary payments as are authorized by the Board or

1 ~~Committee Commission; nor~~ shall any trustee or employee of the Board or
2 ~~Committee Commission~~ become an endorser or surety, or in any manner an
3 obligor, for the monies loaned to or borrowed from the Board. The State
4 Treasurer, with the approval of the Board and the Committee, shall adopt by
5 rule standards of conduct for trustees and employees of the Board in order to
6 maintain and promote public confidence in the integrity of the Board. Such
7 rules shall prohibit trustees, ~~members of the Committee,~~ and employees from
8 receiving or soliciting any gift, including meals, alcoholic beverages, travel
9 fare, room and board, or any other thing of value, tangible or intangible, from
10 any vendor or potential vendor of investment services, management services,
11 brokerage services, and other services to the Board.

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

13 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
14 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

15 * * *

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

1 Retirement Board shall adopt for the Retirement System such mortality,
2 service, and other tables as shall be deemed necessary and shall certify the
3 rates of contribution payable under the provisions of this chapter.

4 * * *

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

6 § 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

7 * * *

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

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

19 STATE EMPLOYEES' RETIREMENT SYSTEM; STATE

20 TEACHERS' RETIREMENT SYSTEM; REPORT

21 (a) Creation. There is created the Pension Benefit, Design, and Funding
22 Task Force to review and report on the benefits, design, and funding of

1 retirement and retiree health benefit plans for the Vermont State Employees'
2 Retirement System and the Vermont State Teachers' Retirement System.

3 (b) Membership.

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

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

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

10 (C) the Director of the Retirement Division, Office of the State
11 Treasurer or designee;

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

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

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

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

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

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

1 (B) The members appointed pursuant to subdivisions (1)(F)–(I) 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 value
18 of assets by a sum equivalent to the amount of the increase from fiscal year
19 2021 to fiscal year 2022, as reported in the Vermont State Employees'
20 Retirement System Actuarial Valuation and Review, dated June 30, 2020
21 and the Vermont State Teachers' Retirement System Actuarial Valuation
22 and Review, dated June 30, 2020.

- 1 (ii) reduces the actuarially determined employer contributions by a
2 sum equivalent to the amount of the increase from fiscal year 2021 to fiscal
3 year 2022, as reported in the Vermont State Employees’ Retirement System
4 Actuarial Valuation and Review, dated June 30, 2020 and the Vermont
5 State Teachers’ Retirement System Actuarial Valuation and Review, dated
6 June 30, 2020.
- 7 (B) a five-year review of benefit expenditure levels as well as
8 employer and employee contribution levels and growth rates and a three-,
9 five-, and ten-year projection of these levels and rates;
- 10 (C) based on benefit and funding benchmarks:
- 11 (i) proposed new benefit structures with the objective of adequate
12 benefits within the established cost containment benchmarks, including an
13 evaluation of a shared-risk model for employee contributions and cost-of-
14 living adjustments; and
- 15 (ii) an estimate of the cost of current and any proposed benefit
16 structures on a budgetary, pay-as-you-go, and full actuarial accrual basis;
- 17 (D) evaluating the intermediate and long-term economic impacts to
18 the State and local economies and their potential impact on retiree spending;
- 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, including a review of whether all or part of retirement
7 income should be tax-exempt;

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

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

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

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

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

19 (2) consult with representatives designated by the Supreme Court acting
20 in its constitutional role as the administrator of the Judicial Branch, Group D
21 members of the State Employees' Retirement System, and members of the
22 State Employees' Retirement System who are employees of the Department of
23 Corrections.

1 (e) Assistance.

2 (1) The Task Force shall have:

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

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

6 (C) committee support services from the Office of Legislative
7 Operations.

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

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

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

20 (h) Meetings.

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

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

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

3 (i) Compensation and reimbursement.

4 (1) For attendance at meetings during adjournment of the General

5 Assembly, a legislative member of the Task Force serving in his or her

6 capacity as a legislator shall be entitled to per diem compensation and

7 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than

8 15 meetings. These payments shall be made from monies appropriated to the

9 General Assembly.

10 (2) Other member of the Task Force shall who are not State employees

11 shall be entitled to per diem compensation and reimbursement of expenses as

12 permitted under 32 V.S.A. § 1010 for not more than 15 meetings. These

13 payments shall be made from monies appropriated to the State Treasurer.

14 **Sec. 11. CONFORMING REVISIONS**

15 When preparing the Vermont Statutes Annotated for publication, the Office

16 of Legislative Counsel shall replace “Vermont Pension Investment

17 Committee” with “Vermont Pension Investment Commission” throughout the

18 statutes as needed for consistency with Secs. 1-9 of this act, as long as the

19 revisions have no other effect on the meaning of the affected statutes.

20 **Sec. 12. EFFECTIVE DATE**

21 This act shall take effect on passage.