



February 16, 2021

Addressed to:

Representative Jill Krowinski, Speaker of the House of Representatives
Representative Mary Hooper, Chair of House Committee on Appropriations
Representative Sarah Copeland Hanzas, Chair of House Committee on Government Operations
Representative Janet Ancel, Chair of House Committee on Ways and Means

Senator Becca Balint, Senate President Pro Tempore
Senator Jane Kitchel, Chair of Senate Committee on Appropriations
Senator Ann Cummings, Chair of Senate Committee on Finance
Senator Jeanette White, Chair of Senate Committee on Government Operations

RE: Pension and Health Benefits Reform

Dear Legislators,

Thank you for your leadership during this challenging period in our history.

Since 2008, the Vermont Business Roundtable has sought to increase the public's understanding of the looming fiscal crisis threatened by our unfunded pension and other post-employment benefits (OPEB) liabilities. In January 2020, the Roundtable issued its latest white paper on the issue,¹ which importantly included an overview of how we got to this point, the state's ongoing demographic and economic challenges, and pathways and policy options for addressing these problems. Since that paper was released, however, Vermont's unfunded pension and OPEB liability has increased by an additional \$1 billion.

We are pleased to see that State Treasurer Beth Pearce has responded to this urgent and complex problem and commend her for the recommendations that she has made to the Legislature to reduce pension and OPEB liabilities, several of which are included in our report which you may access through the link below.

¹ "Policy Options for Vermont State Employee and Teacher Pension and Health Care Retirement Systems, Vermont Business Roundtable", January 2020. https://vtroundtable.org/wp-content/uploads/2020/01/VBR_2020-Pension-and-Health-Sys-Policy-Options.pdf

Importantly, none of the Treasurer's recommendations, which include reducing cost of living increases for future retirees, increasing state employee and teacher contributions, and modifying the method for calculating benefits and the waiting times for drawing benefits, would impact retirees currently receiving benefits. As the Roundtable has said over and over again, "promises made, promises kept."

Timing is of the essence and we urge you to act swiftly. Before the Treasurer's meeting in March with the bond rating agencies, Vermont must show evidence that it is seriously advancing solutions and implementing changes regarding these liabilities, or we risk another decrease in our bond ratings. We believe that 2021 is the year for meaningful pension and OPEB reforms, and we ask for your help in achieving those ends.

As others have said before, the devil is in the details and these are tough choices to make in a challenging economic environment. However, the Roundtable believes that we cannot let this opportunity escape as the situation will only become more dire, and state employee and the teacher retirees, as well as the state and all of its taxpayers, will end up in even worse shape.

We ask you, the Legislative leadership, to work with the Administration, retirement systems' stakeholders, and the Treasurer to make these reforms a reality.

Thank you for your consideration.

Sincerely,

s/Lisa Ventriss, President

s/Mark Crow, CEO at Tenth Crow Creative
Chair, Pension and Health Care Benefits Reform
Task Force