

**From:** Hoffer, Doug  
**Sent:** Friday, December 3, 2021 11:48 AM  
**Subject:** recommendation re. pension liability

Senator White and Representative Copeland-Hanzas

As you near the end of your process, I want to remind you of my testimony on August 25 and offer a concrete proposal for helping meet the unfunded pension obligation going forward. As you recall, I suggested that you consider long-term annual savings from reducing costs and improving government efficiency as a third (or fourth) leg of the stool. We recently released a report (summary [here](#)) describing two options for substantial savings in the cost of health care for State employees. As we reported, if the State adopted reference-based pricing (as Montana has done with great success), the savings could reach \$16 million annually (perhaps twice that if teachers were included). This strategy alone, which would have no negative impacts on state employees, would go a long way in closing the unfunded pension gap. Reference-based pricing could also have the ancillary benefit of reducing the state's OPEB liability.

I realize it's not your committee's responsibility to propose legislation of this nature. But your recommendations to the Legislature could acknowledge the potential of this approach and encourage your colleagues to pursue it as part of a comprehensive solution that doesn't rely exclusively on reducing benefits to workers.

I would be grateful if Gail could forward this to the other committee members whose contact info. is not on the committee page.

Respectfully,  
Doug

Doug Hoffer  
Vermont State Auditor  
132 State Street  
Montpelier, VT 05633-5101  
802.828.2281 Office  
802.828.2198 Fax  
877.290.1400  
[doug.hoffer@vermont.gov](mailto:doug.hoffer@vermont.gov)