

1 **New Proposals in Green**

2 Sec. 1. 3 V.S.A. chapter 17 is amended to read:

3 ~~CHAPTER 17. VERMONT STATE POLICE AND MOTOR VEHICLE~~  
4 ~~INSPECTORS' RETIREMENT SYSTEM~~ VERMONT PENSION  
5 INVESTMENT COMMISSION

6 § 521. DEFINITIONS

7 As used in this chapter,:

8 (1) ~~“Committee”~~ Commission means the Vermont Pension Investment  
9 ~~Committee~~ Commission.

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

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

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

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

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

22 (B) An individual is considered an owner of a publicly traded  
23 company if the individual owns, directly or indirectly, five percent or more of a

1 class of the company's equity securities registered under the Securities  
2 Exchange Act of 1934 (15 U.S.C. § 78 et seq.), as amended.

3 (4) "Plans" means the Vermont State Teachers' Retirement System, the  
4 Vermont State Employees' Retirement System, and the Vermont Municipal  
5 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.  
6 § 1943, and 24 V.S.A. § 5063.

7 § 522. VERMONT PENSION INVESTMENT ~~COMMITTEE~~  
8 COMMISSION

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

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

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

20 (3) one member and one alternate, ~~who may or may not be trustees of~~  
21 ~~the Board of the Vermont Municipal Employees' Retirement System,~~ elected  
22 by the municipal employee and municipal official members of ~~that~~ the Board  
23 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  
21 electing and appointing members and alternates regarding attendance at  
22 Commission meetings and relevant educational programs attended.

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

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

1           (2) The Chair shall serve not more than [X] years on the Commission as  
2           a chair or Commission member. If the Chair is unable to perform his or her  
3           duties, the Commission shall elect an interim chair who shall be a financial  
4           expert and independent.

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

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

9           (d) Chair and vice chair.

10           (1)(A) The Chair of the Vermont Pension Investment Committee  
11           Commission shall have the financial, investment, leadership, and governance  
12           expertise as required by policies adopted by the Commission.

13           (B) The Chair shall be a nonvoting member, except in the case of a  
14           tie vote.

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

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

20           (f) Four Meetings.

21           (1) Five members of the Committee Commission shall constitute a  
22           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~~ Commission during the  
3 absence of the member.

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

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

17           (h) ~~The Committee shall provide an annual report to the respective~~  
18 ~~authorities responsible for electing and appointing members and alternates~~  
19 ~~regarding attendance at Committee meetings and relevant educational~~  
20 ~~programs attended~~ Compensation and reimbursements. Members and  
21 alternates of the Commission who are not public employees shall be entitled to  
22 compensation as set forth in 32 V.S.A. § 1010 and reimbursement for all  
23 necessary expenses that they may incur through service on the Commission

1 from the funds of the retirement systems. The Chair of the Commission may  
2 be compensated from the funds at a level not to exceed one-third of the salary  
3 of the State Treasurer, as determined by the other members of the Commission.

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

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

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

14 (3) The Attorney General shall serve as legal advisor to the  
15 Commission.

16 § 523. VERMONT PENSION INVESTMENT ~~COMMITTEE~~

17 COMMISSION; DUTIES

18 (a) General. The Vermont Pension Investment ~~Committee~~ Commission  
19 shall be responsible for the investment of the assets of the ~~State Teachers'~~  
20 ~~Retirement System of Vermont~~ Vermont State Teachers' Retirement System,  
21 the Vermont State Employees' Retirement System, and the Vermont Municipal  
22 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.  
23 § 1943, and 24 V.S.A. § 5063. The ~~Committee~~ Commission shall strive to

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

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

21 (1) Set the following actuarial assumptions:

22 (A) the investment rate of return;

23 (B) the inflation rate; and



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

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

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

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

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

3       ~~(f) Contracts approved by the Committee Commission and related~~  
4       documents may be executed by the Chair; ~~or,~~ in the Chair's absence, the Vice  
5       Chair.

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

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

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

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

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

22       (g) Changes to actuarial rate of return. ~~Notwithstanding any other~~  
23       ~~provision of law to the contrary,~~ Any changes to the actuarial rate of return

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1 shall be made ~~at a joint meeting of by the Committee~~ Commission ~~and the~~  
2 ~~appropriate Retirement Board. The Board and Committee shall review the~~  
3 ~~recommendations of the actuary and the investment consultant. A change to an~~  
4 ~~actuarial rate of return shall be by joint resolution of the Board and Committee.~~  
5 ~~Each body shall vote according to its own procedures. In the event that the~~  
6 ~~Board and Committee are unable to agree on an actuarial rate of return, the~~  
7 ~~existing assumed rate of return shall remain in effect.~~

8 (h) Annual reports.

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

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

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

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

1 Sec. 2. VERMONT PENSION INVESTMENT COMMISSION;

2 TRANSITION OF MEMBER TERMS

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

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

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

16 Sec. 3. VERMONT PENSION INVESTMENT COMMISSION; FISCAL

17 YEAR 2022 REPORTS

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

21 (b) On or before July 1, 2021, the Commission shall hire an independent  
22 third party to review and report on the operations of the Commission and the  
23 Retirement Division of the State Treasurer’s office and make recommendations

1 on best practices and necessary actions to transfer the Commission to an  
2 independent entity. The report shall include a review of budgetary authority,  
3 frequency of trainings, transfer or hiring of personnel, and compensation of the  
4 Commission Chair and Commission employees. On or before January 15,  
5 2022, the Commission shall submit a copy of the report to the House and  
6 Senate Committees on Government Operations.

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

8 § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES  
9 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

10 \* \* \*

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

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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  
22 board, or any other thing of value, tangible or intangible, from any vendor or

1 potential vendor of investment services, management services, brokerage  
2 services, and other services to the Board or ~~Committee~~ Commission.

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

4 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE  
5 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

6 \* \* \*

7 (m) Immediately after the establishment of the System, the actuary shall  
8 make such investigation of the mortality, service, and compensation experience  
9 of the members of the System, as the actuary shall recommend and the Board  
10 shall authorize, for the purpose of determining the proper mortality and service  
11 tables to be prepared and submitted to the Board for adoption. Having regard  
12 to such investigation and recommendation, the Board shall adopt for the  
13 System such mortality and service tables as shall be deemed necessary, and  
14 shall certify the rates of contribution payable under the provisions of this  
15 chapter. At least once in each ~~five-year~~ three-year period following the  
16 establishment of the ~~system~~ System, the actuary shall make an actuarial  
17 investigation into the mortality, service, and compensation experience of the  
18 members and beneficiaries of the System, and taking into account the results of  
19 such investigation, the Board shall adopt for the System such mortality,  
20 service, and other tables as shall be deemed necessary and shall certify the  
21 rates of contribution payable under the provisions of this chapter.

22 \* \* \*

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

1 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

2 \* \* \*

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

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

22 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES  
23 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES



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

\* \* \*

Sec. 9. 24 V.S.A. § 5063 is amended to read:  
§ 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

\* \* \*

(e) Except as otherwise herein provided, no trustee and no employee of the Retirement Board or Vermont Pension Investment ~~Committee~~ Commission shall have any direct interest in the gains or profits of any investment made by the ~~Committee~~ Commission, nor shall any trustee, member of the ~~Committee~~ Commission, or employee of the Board or ~~Committee~~ Commission, directly or indirectly, for himself or herself or as an agent, in any manner use the same except to make such current and necessary payments as are authorized by the

1 Board or ~~Committee~~ Commission; nor shall any trustee or employee of the  
2 Board or ~~Committee~~ Commission become an endorser or surety, or in any  
3 manner an obligor, for monies loaned to or borrowed from the Board.

4 Sec. 10. PENSION BENEFITS, DESIGN, AND FUNDING TASK FORCE;  
5 STATE EMPLOYEES' RETIREMENT SYSTEM; STATE  
6 TEACHERS' RETIREMENT SYSTEM; REPORT

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

11 (b) Membership.

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

13 (A) one current member of the House of Representatives, who shall  
14 be appointed by the Speaker of the House;

15 (B) one current member of the Senate, who shall be appointed by the  
16 Committee on Committees;

17 (C) two members, who shall be appointed by the Governor;

18 (D) the State Treasurer or designee;

19 (F) two members, who shall be appointed by the president of the  
20 Vermont-NEA;

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

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

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

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

10           (C) Upon designation and approval, any member appointed pursuant  
11 to subdivisions [(1)(D) – **this is only subdivision with an appointee**] of this  
12 subsection (b) shall be the only representative of the designator to participate  
13 in Task Force proceedings.

14           (c) Powers and duties.

15           (1) The Task Force shall make recommendations about benefit  
16 provisions and appropriate funding sources along with other recommendations  
17 it deems appropriate for consideration, consistent with actuarial and  
18 governmental accounting standards, as well as demographic and workforce  
19 trends and the long-term sustainability of the benefit programs, including the  
20 following:

21           (A) recommending options to lower the actuarially determined  
22 employer contributions and unfunded actuarially accrued liability based on  
23 actuarial value of assets by 25 percent, 50 percent, 75 percent, and 100 percent

1 of the size of the increases from fiscal year 2021 to fiscal year 2022, as  
2 reported in the respective Actuarial Valuation and Review for each retirement  
3 system, dated June 30, 2020:

4 (i) For the Vermont Teachers' Retirement System:

5 (I) for the actuarially determined employer contributions, by  
6 \$16,000,000.00, \$32,100,000.00, \$48,100,000.00, and \$64,100,000.00; and

7 (II) for the unfunded accrued liabilities, by \$94,700,000.00,  
8 \$189,400,000, \$284,100,000.00, and \$378,800,000.00.

9 (ii) for the Vermont State Employees' Retirement System:

10 (I) for the actuarially determined employer contributions, by  
11 \$9,000,000.00, \$18,100,000.00, \$27,100,000.00, and \$36,100,000.00; and

12 (II) for the unfunded accrued liabilities, by \$56,300,000.00,  
13 \$112,500,000, \$168,800,000.00, and \$225,000,000.00.

14 (B) recommending options to increase the funded ratios by fifteen  
15 percent for the Teachers' State Retirement System and ten percent for the State  
16 Employees' Retirement System by Fiscal Year 2027.

17 (C) a five-year review of benefit expenditure levels as well as  
18 employer and employee contribution levels and growth rates and a three-, five,  
19 and 10-year projection of these levels and rates;

20 (D) identifying potential options for limiting the growth in the  
21 actuarially determined employer contributions to no more than inflation;

22 (E) assessing the impacts associated with any modifications to the  
23 current amortization schedule;

1 (F) based on benefit and funding benchmarks:

2 (i) proposed benefit structures with the objective of adequate  
3 benefits, including an evaluation of a shared-risk model for employer and  
4 employee contributions and cost-of-living adjustments, with a focus on  
5 reducing any futures increases to the actuarially determined employer  
6 contributions; and

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

9 (iii) the State's pension contributions as a percentage of direct  
10 general spending, and a comparison of other states' pension contributions;  
11 and

12 (iv) how proposed benefit changes for new members may  
13 reduce the impact of future actuarial assumption losses.

14 (G) evaluating any cross-subsidization between all groups within  
15 the Vermont State Employees' Retirement System and adjusting  
16 contribution amounts to eliminate any cross-subsidization;

17 (G) examining permanent and temporary revenue streams to fund  
18 the Vermont State Employees' Retirement System and the State Teachers'  
19 Retirement System;

20 (H) a plan for prefunding other postemployment benefits, with an  
21 evaluation of using federal funds to the extent permissible, including  
22 identifying long-term impacts of pay-as-you go funding; and

1           (I) a plan to study health benefit design innovations, State  
2 regulatory measures, and alternative methods of providing pooled health  
3 care benefits to both active and retired school employees to lower health  
4 care costs for employees, retirees, school boards, and the state.

5           (J) evaluating the intermediate and long-term economic impacts to  
6 the State and local economies because of any proposed changes to current  
7 benefit structures and contribution characteristics and their potential effects on  
8 retiree spending power, including retirees who identify as female and retirees  
9 who are persons with disabilities;

10          (K) an examination of the effects of current benefit structures and  
11 contribution characteristics on the recruitment and retention of public school  
12 educators and State employees, and an evaluation of any proposed changes to  
13 current benefit structures and contribution characteristics on the recruitment  
14 and retention of public school educators and State employees in the future;

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

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

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

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

1 State Employees' Retirement System who are employees of the Department of  
2 Corrections.

3 (e) Assistance.

4 (1) The Task Force shall have:

5 (A) fiscal assistance from the Joint Fiscal Office and the State  
6 Treasurer; and

7 (B) committee support services from the Office of Legislative  
8 Operations.

9 (2) The [Office of Legislative Counsel/Joint Fiscal Office] may contract  
10 for advisory services for the Task Force from an independent actuary, benefits  
11 expert, and legal expert, as necessary. The sum of not more than \$250,000.00  
12 in general funds shall be appropriated to the General Assembly for this  
13 purpose.

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

17 (g) Report. On or before October 15, 2021, the Task Force shall submit an  
18 interim written report to the Governor and to the House and Senate  
19 Committees on Government Operations with an update on the work of the  
20 Task Force. The Task Force shall submit a final report with its findings and  
21 any recommendations for legislative action on or before December 2, 2021.  
22 The Task Force shall also provide the report to the Board of Trustees of the

1 State Employees' and Teachers' Retirement Systems for their consideration  
2 and comment to the General Assembly.

3 (h) Meetings.

4 (1) The members appointed pursuant to subdivisions (b)(1)(A) and (B)  
5 of this section shall appoint a House and Senate member as co-chairs, who  
6 shall call the first meeting of the Task Force to occur on or before June 15,  
7 2021.

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

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

10 (i) Compensation and reimbursement.

11 (1) For attendance at meetings during adjournment of the General  
12 Assembly, a legislative member of the Task Force serving in his or her  
13 capacity as a legislator shall be entitled to per diem compensation and  
14 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than  
15 15 meetings. These payments shall be made from monies appropriated to the  
16 General Assembly.

17 (2) Other members of the Task Force who are not State employees shall  
18 be entitled to per diem compensation and reimbursement of expenses as  
19 permitted under 32 V.S.A. § 1010 for not more than 15 meetings. These  
20 payments shall be made from monies appropriated to the State Treasurer.

21 Sec. 11. 2 V.S.A. chapter 21 is added to read:

22 Chapter 31: Joint Legislative Pension Oversight Committee

23 § 1001. Creation of Committee



1 (a) Creation. There is created a Joint Legislative Pension Oversight  
2 Committee for the purpose of exercising oversight over the Vermont State  
3 Employees' Retirement System and the Vermont State Teachers' Retirement  
4 System, and working with and providing assistance to other legislative  
5 committees on matters related to State's retirement system [and OPEB?].

6 (b) Members. The Committee shall be composed of the following  
7 members, who shall be appointed each biennial session of the General  
8 Assembly:

9 (1) three members of the House, who shall not be from the same party,  
10 appointed by the Speaker of the House; and

11 (2) three members of the Senate, who shall not be from the sane party,  
12 appointed by the Committee on Committees.

13 (c) Powers and duties. The Committee shall evaluate and make  
14 recommendations on the following:

15 (1) issues of public policy related to the provision of retirement  
16 benefits to the State's public sector workforce;

17 (2) changes to statutory provisions regarding the provision, design,  
18 and administration of retirement benefits and the retirement systems; and

19 (3) the appropriate annual appropriation to fund the State's  
20 retirement obligations in accordance with actuarial recommendations,  
21 statutory amortization schedules, and funding policies.

22 (d) Policies. The Committee shall elect a chair, vice-chair, and clerk from  
23 among its members and shall adopt rules of procedures. The Chair shall rotate

1 biennially between the House and Senate members. The Committee shall keep  
2 minutes of its meetings.

3 (e) Meetings.

4 (1) When the General Assembly is in session, the Committee shall meet  
5 at the call of the Chair.

6 (2) The Committee may meet [X] times during adjournment and may  
7 meet more often subject to approval of the Speaker of the House and the  
8 President Pro Tempore of the Senate.

9 (3) A quorum shall consist of four members.

10 (f) Assistance. The Committee shall have assistance from the Office of  
11 Legislative Counsel, the Office of Legislative Operations, and the Joint Fiscal  
12 Office.

13 (g) Compensation and Reimbursement. For attendance at a meeting when  
14 the General Assembly is not in session, members of the Committee shall be  
15 entitled to compensations for services and reimbursement of expenses as  
16 provided under subsection 23(a) of this title.

17 Sec. 12. CONFORMING REVISIONS

18 When preparing the Vermont Statutes Annotated for publication, the Office  
19 of Legislative Counsel shall replace “Vermont Pension Investment  
20 Committee” with “Vermont Pension Investment Commission” throughout the  
21 statutes as needed for consistency with Secs. 1–9 of this act, provided the  
22 revisions have no other effect on the meaning of the affected statutes.

23 Sec. 13. EFFECTIVE DATE

H.449 - Senate Government Operations Proposal  
April 28, 2021

1 This act shall take effect on passage.

2