



Senate Government Operations Committee

Dear Madame Chair and Committee Members,

Campaign for Vermont Prosperity (CFV) has been following the Pension Liability issue throughout this legislative session and has weighed in from time to time. Before we comment further on H.449 we would like to recognize the work that the House and Senate Government Operations Committee, the Treasurer and so many others have done to bring the attention due to this critical issue. The comments below are reflective of the “Draft – As Amended After Second Reading 2021” document.

Our first recommendation will no doubt be a “no brainer.” We think you will find that Sec. 8 Retirement Board; Medical Board; Actuary; Rates of Contribution; Safekeeping of Securities” and Sec. 9 Investments; Interest Rate; Disbursement are duplicates of Sec. 6 and Sec. 7 and should be deleted from the bill with adjustments to numbering made as appropriate.

Our second recommendation is a little more complicated. It has to do with the makeup of the Pension Benefits, Design, and Funding Task Force. This Task Force has a very important role in the State’s Pension System by reviewing and reporting on the benefits, design, and funding of retirement and retiree health benefit plans for the Vermont State Employee’s Retirement System and the Vermont State Teachers’ Retirement System. The responsibilities are enormous but nowhere in that section is there mention of required experience or technical knowledge. We also don’t understand why there are a total of six legislators. If the goal is to offer recommendations on a new benefit structure, it seems like fewer legislators and more technical experts would be appropriate.

We recommend one legislator from the Senate and one from the House, which would provide you with four additional ‘seats’ – two of which could be filled by independent appointees of the Governor, one more for the VSEA and one more for the NEA. JFO has the authority to hire an independent consultant to assist the members of the Task Force. It would be very beneficial if those members have (wherever possible) a financial, health care, or human resources background or similar skills that will support the work of the consultant and Task Force.

Our third recommendation has to do with membership of the Vermont Pension Investment Commissioner. We recommend that the Treasurer be made a non-voting ex-officio member of the board in order to further the independence of VPIC. Also, the State Trooper’s Association should be allowed to appoint one member and one alternate. While the Troopers are State Employees, they are in a separate union from the VSEA. This way the teachers will have one member along with a member from the VSBA and the VSEA will have one member along with the Trooper’s Association representative. If these changes are made the numbers constituting a quorum may need to be reviewed although these changes do not appear to increase the number of voting members.

Our fourth recommendation is that the VPIC Chair should serve no more than 12 years instead of the current 20 years noted in the language. We believe that 20 years is just too long a term. 12 years coincides with the term limits of Commissioner members and alternatives. However, prior service as a member or alternative shall not contribute to the Chairs term limit. It is always good to have new blood, new ideas and new approaches in leadership.

It is not clear in Sec 522 (h) how public employees of the Commission have their expenses reimbursed. We are assuming that expenses borne by state employees should be reimbursed from the funds of the retirement system and not their respective departments.

In Sec. 523 (d) we would like to see the following Ethics Language added as an addition support to the standards of conduction language. This language should match the [code of ethics](#) that the Vermont Ethics Commission is proposing. With a function that is so critical to our public employees, we need to make sure that members of VPIC and the Task Force are upholding their fiduciary responsibilities.

In Sec. 523(h) (1) we would suggestion adding a reporting requirement for the House and Senate Appropriations Committees to be consistent with the requirements in other sections of the bill.

Our final recommendation is in response to testimony from 4/28/2021 in Senate Economic Development. Apparently Sec 5 of H.159 has added NBRC employees to the State Employees' Pension Plan. CFV strongly urges you to rethink this proposal. First NBRC is an outside entity with no ties to current members of the Vermont Pension plans. This also adds to the complexity of trying to make our pension plans uniform in their benefit structures and would likely increase or liability deficit.

Thank you for your consideration of these recommendations. We stand ready to testify if you have any questions or require additional information or feedback.

Thank you.
Pat McDonald
Chair, Campaign for Vermont Board of Directors

Cc:
House Government Operations Committee
House Commerce and Economic Development Committee
Senate Economic Development, Housing and General Affairs Committee

Campaign for Vermont is a nonprofit, nonpartisan advocacy organization dedicated to the vision of a more prosperous Vermont. More than 3,500 Vermonters have signed onto our mission to advocate for public policy changes by reconnecting middle-class Vermonters to their government.