

[Senate Government Operations April 21, 2021 from Vermont-NEA](#)

Proposed Amendments to H.449:

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

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

(b) Membership.

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

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

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

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

(D) the Commissioner of Financial Regulation or designee;

(E) the Commissioner of Human Resources or designee;

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

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

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

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

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

(C) Upon designation and approval, any members appointed pursuant to subdivisions (1)(D) and (E) of this subsection (b) shall be the only representative of the designator to participate in Task Force proceedings.

(3) At its initial meeting, the Task Force shall receive an overview of the pension systems, the demographics of the participants and retirees, vested benefits, historical funding and projected funding demands, projected effects on the system and participants of changes, and other necessary background information that informs the Task Force and its work.

(c) Powers and duties.

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

(A) setting a pension stabilization target number for the State Employees' Retirement System and the State Teachers' Retirement System;

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

(C) based on benefit and funding benchmarks:

(i) proposed new benefit structures with the objective of adequate benefits, including an evaluation of a shared-risk model for employer and employee contributions and cost-of-living adjustments;

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

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

(D) evaluating the intermediate and long-term economic effects to the state and local economies because of any proposed changes to current benefit structures and contribution characteristics and their potential effects on retiree spending power;

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

(F) evaluating alternative plan designs, such as hybrid or defined contribution plan options or a combination of a defined benefit plan and a defined contribution plan;

(G) examining permanent and temporary revenue streams to fund the Vermont State Employees' Retirement System and the State Teachers' Retirement System, including a review of whether all or part of retirement income should be tax-exempt;

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

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

(J) an examination of the effects of current benefit structures and contribution characteristics on the recruitment and retention of public school educators and state employees, and an evaluation of any proposed changes to current benefit structures and contribution characteristics on the recruitment and retention of public school educators and state employees in the future.

(2) The Task Force shall not make recommendations on adjusting the assumed rates of return but may

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

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

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

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

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(?) The General Assembly appropriates \$150,000,000 to the VSTRS and VSERS.