

1 H.450

2 Introduced by Representative Howard of Rutland City

3 Referred to Committee on

4 Date:

5 Subject: Legislators; salaries and fees; Vermont Employees' Retirement

6 System; health insurance; compensation and benefits

7 Statement of purpose of bill as introduced: This bill proposes to make  
8 members of the General Assembly eligible for the State employees' Defined  
9 Contribution Retirement Plan and the State employees' health plan. It would  
10 provide supplemental income during the legislative session to members of the  
11 General Assembly whose total monthly household income is less than the  
12 statewide median monthly income if the shortfall is attributable to the  
13 member's service in the General Assembly. The bill would also direct the  
14 State Treasurer to consider and make recommendations regarding allowing  
15 members of the General Assembly to participate in the Vermont Employees'  
16 Retirement System.

17 An act relating to supplemental income, health insurance, and retirement  
18 benefits for members of the General Assembly

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 3 V.S.A. § 500 is amended to read:

3 § 500. DEFINED CONTRIBUTION RETIREMENT PLAN

4 (a) The State Treasurer shall offer a retirement plan for State employees  
5 who are not members of the classified system and for members of the General  
6 Assembly. The Plan shall qualify as a defined contribution plan under the U.S.  
7 Internal Revenue Code, as amended. Participation in such plan shall be in lieu  
8 of the retirement plans established under chapter 16 of this title.

9 (b)(1) Employees who are not members of the classified system who are  
10 first employed by the State on and after January 1, 1999, and would otherwise  
11 be members of Group A, B, C, D, or F of the Vermont State Retirement  
12 System shall be eligible to participate in the Defined Contribution Retirement  
13 Plan.

14 (2) Members of the General Assembly who are elected or appointed to  
15 serve in the General Assembly for the 2023–2024 biennium and after shall be  
16 eligible to participate in the Defined Contribution Retirement Plan.

17 (c) Employees and members of the General Assembly who elect to  
18 participate in the Defined Contribution Retirement Plan shall contribute at the  
19 rate of 2.85 percent of the employee's or member's compensation for each  
20 payroll period. The State shall contribute to each employee's or member's  
21 account at the rate of seven percent of the employee's or member's

1 compensation for each payroll period. Employees and members may make  
2 additional after-tax contributions to the plan, provided that total annual  
3 contributions by an employee ~~and employer~~ or member and by the State in any  
4 calendar year shall not exceed the maximum permitted for such plans under the  
5 U.S. Internal Revenue Code.

6 (d) Election to participate in the Defined Contribution Retirement Plan is  
7 irrevocable, unless one of the following applies:

8 (1) ~~the~~ The employee or member becomes a classified employee and  
9 elects to transfer ~~his or her~~ the employee's or member's membership and the  
10 full actuarial value of the accrued benefit calculated on a cost neutral basis to  
11 the Vermont State Retirement System; ~~or,~~

12 (2) ~~the~~ The employee or member is appointed to a position that is  
13 eligible for membership in the Group D plan. Within 60 days ~~of~~ following  
14 appointment, the employee or member may choose to participate in the Group  
15 D plan and cease participation in the defined contribution plan. Upon an  
16 election to participate in the Group D plan, the State Treasurer shall apply the  
17 funds accumulated in the employee's or member's defined contribution  
18 account toward purchasing retirement credit in the Group D plan by first  
19 applying the funds toward purchasing any Group D eligible credit earned from  
20 the date of the judicial appointment and then applying the funds toward

1 purchasing credit in the retirement group plan or plans for which the employee  
2 or member would have formerly been eligible.

3 (e) An employee or member who elects to participate in the Defined  
4 Contribution Retirement Plan shall become vested in the Plan after completion  
5 of one year and 11 months of creditable service as a State employee or service  
6 as a member of the General Assembly.

7 (f) An employee or member who has elected to participate in the defined  
8 contribution plan and, after having accrued a minimum of five years of service,  
9 becomes disabled as determined by the Social Security Administration or by a  
10 State-purchased disability insurance policy while currently employed by the  
11 State or serving as a member of the General Assembly, shall be entitled to  
12 continue the same health and dental benefits that are available to members of  
13 the Vermont State Retirement System who qualify for disability retirement  
14 benefits.

15 (g) Upon retirement, employees and members who elect to participate in  
16 the Defined Contribution Retirement Plan shall be entitled to the same life,  
17 dental, and health insurance benefits available to members of the Vermont  
18 State Retirement System.

19 (h) The State Treasurer shall certify to the Governor or Governor-Elect a  
20 statement of the percentage of the payroll of all participating employees and  
21 members sufficient to fund all operating expenses of the ~~defined contribution~~

1 ~~retirement plan~~ Defined Contribution Retirement Plan and all contributions of  
2 the State ~~which~~ that will become due and payable during the next biennium.  
3 Contributions by the State shall be charged to the departmental appropriation  
4 from which the employees' and members' salaries are paid and shall be  
5 included in each departmental budgetary request.

6 (i) The Plan shall be administered by the State Treasurer, who shall adopt  
7 rules necessary to implement and administer the provisions of this chapter.

8 Sec. 2. 3 V.S.A. § 631 is amended to read:

9 § 631. GROUP INSURANCE FOR STATE EMPLOYEES; SALARY  
10 DEDUCTIONS FOR INSURANCE, SAVINGS PLANS, AND  
11 CREDIT UNIONS

12 (a)(1) The Secretary of Administration may contract on behalf of the State  
13 with any insurance company or nonprofit association doing business in this  
14 State to secure the benefits of franchise or group insurance. Beginning on  
15 July 1, 1978, the terms of coverage under the policy shall be determined under  
16 section 904 of this title, but it may include:

17 \* \* \*

18 (2)(A)(i) As used in this section, the term "employees" includes any  
19 class or classes of elected or appointed officials, State's Attorneys, sheriffs,  
20 employees of State's Attorneys' offices whose compensation is administered  
21 through the State of Vermont payroll system, except contractual and temporary

1 employees, and deputy sheriffs paid by the State of Vermont pursuant to  
2 24 V.S.A. § 290(b). The term “employees” ~~shall~~ does not include ~~members of~~  
3 ~~the General Assembly as such~~, any person rendering service on a retainer or  
4 fee basis, members of boards or commissions, or persons ~~other than employees~~  
5 ~~of the Vermont Historical Society, the Vermont Film Corporation, the~~  
6 ~~Vermont State Employees’ Credit Union, Vermont State Employees’~~  
7 ~~Association, and the Vermont Council on the Arts~~, whose compensation for  
8 service is not paid from the State Treasury, or any elected or appointed official  
9 ~~unless the~~ except as specifically provided pursuant to this subdivision  
10 (a)(2)(A)(i). The term “employees” includes employees of the Vermont  
11 Historical Society, the Vermont State Employees’ Credit Union, the Vermont  
12 State Employees’ Association, the Vermont Council on the Arts, and any  
13 elected or appointed official who is actively engaged in and devoting  
14 substantially full-time to the conduct of the business of his or her the official’s  
15 public office. The term “employees” also includes members of the General  
16 Assembly as set forth in subdivision (iv) of this subdivision (a)(2)(A).

17 \* \* \*

18 (iv) For purposes of group hospital-surgical-medical expense  
19 insurance, the term “employees” includes members of the General Assembly.

20 (B)(i) The premiums for extending insurance coverage to employees  
21 shall be paid in full by the Vermont Historical Society, ~~the Vermont Film~~

1 ~~Corporation~~, the Vermont State Employees' Association, the Vermont State  
2 Employees' Credit Union, the Vermont Council on the Arts, or their respective  
3 retirees. Nothing herein creates a legal obligation on the part of the State of  
4 Vermont to pay any portion of the premiums required to extend insurance  
5 coverage to this group of employees.

6 (ii) Members of the General Assembly shall be required to pay the  
7 same portion of the premium for group hospital-surgical-medical expense  
8 insurance as is required of employees of the Executive Branch.

9 \* \* \*

10 Sec. 3. 32 V.S.A. § 1051 is amended to read:

11 § 1051. SPEAKER OF THE HOUSE AND PRESIDENT PRO TEMPORE  
12 OF THE SENATE; COMPENSATION AND EXPENSE  
13 REIMBURSEMENT

14 \* \* \*

15 (b) If the Speaker or the President Pro Tempore substantiates that the  
16 member's total household income for any month during the legislative session  
17 is less than the statewide median monthly income for the member's applicable  
18 household size, as determined by the U.S. Department of Housing and Urban  
19 Development, then the Speaker or the President Pro Tempore, as applicable, is  
20 entitled to receive a supplemental payment from the General Assembly in the  
21 following month if the shortfall was attributable to the member's service in the

1 General Assembly. The amount of the supplemental payment under this  
2 subsection shall be the difference between the member's actual total household  
3 income for the applicable month and the statewide median income for that  
4 month.

5 Sec. 4. 32 V.S.A. § 1052 is amended to read:

6 § 1052. MEMBERS OF THE GENERAL ASSEMBLY; COMPENSATION  
7 AND EXPENSE REIMBURSEMENT

8 (a)(1) Each member of the General Assembly, other than the Speaker of the  
9 House and the President Pro Tempore of the Senate, is entitled to a weekly  
10 salary of \$589.00 for the 2005 Biennial Session and thereafter, provided that,  
11 beginning on January 1, 2007, the weekly compensation shall be adjusted  
12 annually thereafter by the cost of living adjustment negotiated for State  
13 employees under the most recent collective bargaining agreement, except that,  
14 beginning on July 1, 2021 and annually thereafter on January 1, the weekly  
15 compensation shall be adjusted consistent with the compensation increases  
16 provided to other constitutional officers. The salary of members shall be paid  
17 in biweekly installments.

18 (2) During a special session, a member is entitled to an amount equal to  
19 one-fifth of the annually adjusted weekly compensation set forth in subdivision  
20 (1) of this subsection, rounded up to the nearest dollar, for each day of a



1 special session on which the House ~~of which he or she is a member~~ in which  
2 the member serves shall sit.

3 (3) A member who substantiates that the member's total household  
4 income for any month during the legislative session is less than the statewide  
5 median monthly income for the member's applicable household size, as  
6 determined by the U.S. Department of Housing and Urban Development, is  
7 entitled to receive a supplemental payment from the General Assembly in the  
8 following month if the shortfall was attributable to the member's service in the  
9 General Assembly. The amount of the supplemental payment under this  
10 subdivision shall be the difference between the member's actual total  
11 household income for the applicable month and the statewide median income  
12 for that month.

13 \* \* \*

14 Sec. 5. MEMBERS OF THE GENERAL ASSEMBLY; VERMONT

15 EMPLOYEES' RETIREMENT SYSTEM; STATE TREASURER;

16 REPORT

17 (a) The State Treasurer shall, with the assistance of actuarial analysis as  
18 needed, consider issues related to allowing members of the General Assembly  
19 to participate in the Vermont Employees' Retirement System established  
20 pursuant to 3 V.S.A. chapter 16, including the projected costs to the members  
21 of the General Assembly and to the State.

1        (b) On or before January 15, 2024, the State Treasurer shall report findings  
2        and recommendations regarding legislator participation in the Vermont  
3        Employees' Retirement System to the House Committees on Appropriations  
4        and on Government Operations and Military Affairs and the Senate  
5        Committees on Appropriations and on Government Operations.

6        Sec. 6. EFFECTIVE DATES

7        (a) Secs. 1 (3 V.S.A. § 500) and 5 (members of the General Assembly;  
8        Vermont Employees' Retirement System; State Treasurer; report) and this  
9        section shall take effect on passage.

10       (b) Sec. 2 (3 V.S.A. § 631) shall take effect on January 1, 2024.

11       (c) Secs. 3 and 4 (32 V.S.A. §§ 1051 and 1052) shall take effect on January  
12       1, 2025.