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TO: House Committee on Appropriations
FROM: Mike Pieciak, State Treasurer
DATE: March 15, 2023
RE: FY24 Treasurer's Office Position Requests

Thank you for your consideration of the Treasurer's Office's annual budget and additional position requests for FY24. In light of your many competing priorities across state government and recent questions we have received from committee members, I wanted to summarize my office's additional position requests in the FY24 budget and detail the critical need for these staff in a concise manner.

For FY24, the Treasurer's Office is requesting six additional positions across two departments. We are requesting three positions in the Retirement Division and three positions in the Treasury Operations Division. The Governor's recommended budget did include two out of the three requested positions in the Retirement Division.

Retirement Division – Requesting three positions, two included in Governor's Recommended Budget, one remaining.

Remaining requested position is a **Program Technician II** that will assist with handling increased retirement front office, employer reporting, and pension payroll workloads. There is no expected General Fund impact for this position as it will be 100% funded with retirement special funds.

In the past year, the Retirement Division has had to rely on temporary employees at various times and authorize overtime for the majority of employees in order to accomplish the office's routine and basic functions. Additionally, the Act 114 pension reform initiative added significant complexity to the retirement systems. Vermont's staff to participant ratio for the retirement systems is 1 to 3,186. According to the National Association of State Retirement Administrators, the median staff to participant ratio of comparable systems is 1 to 1,336.

Treasury Operations Division – Requesting three positions, none included in Governor's Recommended Budget, three remaining.

Remaining requested positions are a **Financial Specialist III**, a **Financial Manager I**, and a **Financial Manager II**. These positions would do work related to the general operation of the

Treasurer's Office as well as support the investing of funds (short-term cash, OPEB, etc.), accounting, financial reporting, and risk management in support of all of state government.

In 2008, the Treasury Operations Division employed eleven FTEs, and we currently employ eight. The complexity of the State's treasury functions has grown substantially over the same period as the division's staff has shrunk. Looking back to 2010, which is the most recent year data is available:

- State cash flows have increased from \$4 billion to \$7.7 billion.
- Total disbursements have grown from 1.59 million to 2.25 million transactions per year.
- In 2010 the division oversaw the reconciliation of 30 core bank accounts, now there are 50 core bank accounts to reconcile.

The Division provides budgeting, administrative, and financial reporting assistance to the Retirement Division. This has led to increased demands on staff as the complexity of administering the retirement system has grown.

The Division also provides support to agencies throughout state government for banking and treasury-related matters. We process payment-related inquiries from vendors and individuals receiving payments. There has been a significant increase in inquiries received and assistance required in recent years. In order to meet the workload, we have had to rely on employees working substantial overtime, with some employees consistently logging 40-45 hours of overtime per pay period. The Division also relies on the efficiencies of employees with substantial institutional knowledge, as we have staff with tenures of 15, 20, or 25 years. This is especially true of managerial- and director-level staff. We do not currently have the capacity to cross train employees or develop current staff into more senior roles. This is not a sustainable way for one of the State's core government functions to continue to operate.

Please do not hesitate to contact my office you have additional questions or would like more information regarding these requests. We appreciate your diligent work on our State's budget.