

MICHAEL S. PIECIAK
STATE TREASURER

RETIREMENT DIVISION
TEL: (802) 828-2305

TO: Representative Robin Scheu, Chair, House Committee on Appropriations
Senator Andrew Perchlik, Chair, Senate Committee on Appropriations

FROM: Mike Pieciak, State Treasurer

DATE: February 12, 2025

RE: FY25 Budget Adjustment Act

In this memorandum, I detail requested additions and changes to the House-passed version of H.141, *An act relating to fiscal year 2025 budget adjustments*. The items presented below are either corrections or omissions to the House-passed version that we identified upon our review or items of timeline urgency that arose after the fact.

Economic Empowerment Division Title Change

Act 78 of 2023 established within the Treasurer's Office two positions to support the Vermont Saves Public Retirement Program, including one Director and one Communications and Outreach Manager. Since then, the Treasurer's Office has taken on a number of new financial literacy and economic empowerment initiatives including the Baby Bonds Pilot Program, the Positive Rent Reporting Study, and the Medical Debt Relief initiative, among others, that now comprise what we have named the "[Division of Economic Empowerment](#)" within the Treasurer's Office. We have undertaken this body of work without requiring any new positions, but rather by leveraging the skillset and subject-matter expertise of our current staff. We would like to change the official titles of the Vermont Saves Director and Communications and Outreach Manager positions to appropriately reflect the programmatic breadth they are serving and have been instructed by the Department of Human Resources that this must be a statutory change. Please see language to effect this change copied below.

Sec. 2. 2023 Acts and Resolves No 78, Sec. E.100 is amended to read:

(a) The establishment of 68 permanent positions is authorized in fiscal year 2024 for the following:

(2) Permanent exempt positions:

(F) Office of the State Treasurer:

(i) one Director – ~~VT Saves~~ Economic Empowerment Division; and

(ii) one Communications and Outreach Manager – ~~VT Saves~~ Economic Empowerment Division

Emergency Personnel Survivor's Benefit Trust Fund

We are requesting a modest one-time appropriation of \$220,000 for the Emergency Personnel Survivors' Benefit Fund. This is necessary because my office has in the past several months received an unusual volume of applications for benefits from the Fund. I ask for an additional appropriation to ensure that the Fund is able to timely pay all benefits to which Vermonters are entitled.

The Fund, pursuant to Chapter 181 of Title 20, provides a benefit of \$80,000 to certain surviving relatives of emergency personnel who die in the line of duty or due to an occupation-related illness. The Fund was initially capitalized in FY 2002 with \$50,000 and has since received an additional \$270,000 in appropriations. It has earned almost \$40,000 in interest since inception. As of November 2024, the Fund had a balance of just over \$175,000.

Between the Fund's inception and 2016, seven benefits of \$50,000 each were paid.

Between May of 2016 and the fall of 2024, no benefits were awarded. In 2024, the Legislature at my request increased the benefit amount from \$50,000 to \$80,000.

In the last three months, however, we have received three applications. One application, received in November 2024, resulted in an award to the surviving son of a longtime Pownal EMT. That award was paid in early January 2024, resulting in a fund balance of just under \$100,000 as of January 22, 2025.

Two applications are currently pending, relating to emergency personnel deaths in Milton and Ascutney. The Fund does not currently have adequate funds to pay two benefits at the current \$80,000 level.

Accordingly, I am requesting an appropriation of \$220,000 in the FY25 Budget Adjustment Act. This would bring the Fund's balance to roughly \$320,000 – enough to pay four claims. My office had not yet received the two pending applications in time to include this request in earlier recommendations for the BAA, yet if the Benefit Review Board determines that these claimants are eligible for payment, we will need to issue the benefits prior to the passage of the FY26 Budget. We are required by statute to hold a hearing within 60 days of receiving a completed application. **Debt Service Language (Section 76)**

The Treasurer's Office worked with Finance and Management when H.141 was in the House to offer a friendly amendment to the Governor's recommended language in this section. In the House-passed version, this section has a minor error – the word "and" (see below in boldface) was omitted. The language should read as follows:

§ 954. Proceeds

*(a) The proceeds arising from the sale of bonds, inclusive of any premiums, shall be applied to the purposes for which they were authorized, and the purposes ~~shall~~ **may** be considered to include ~~the expenses of preparing, issuing, and marketing the bonds and any notes issued under section 955 of this title, and underwriters' fees~~ **and** amounts for reserves, but no purchasers of the bonds shall be in any way bound to see to the proper application of the proceeds. The State Treasurer shall pay the interest on, principal of, investment return on, and maturity value of the bonds and notes as the same fall due or accrue without further order or authority. The State Treasurer, with the approval of the Governor, may establish sinking funds, reserve funds, or other special funds of the State as the State Treasurer may deem for the best interests of the State. To the extent not otherwise provided, the amount necessary each year to fulfill the maturing principal and interest of, investment return and maturity value of, and sinking fund installments on all the bonds then outstanding shall be included in and made a part of the annual appropriation bill for the expense*

of State government, and the principal and interest on, investment return and maturity value of, and sinking fund installments on the bonds as may come due before appropriations for their fulfillment have been made shall be fulfilled from the applicable debt service fund.

Climate Superfund Resources

On January 15, 2025, my office, in collaboration with the Secretary of the Agency of Natural Resources, submitted a [feasibility report](#) on the Act 122 Climate Superfund Cost Recovery Program to the General Assembly. The report concluded that both additional time and resources are necessary to successfully advance this work based on our efforts to date, including the information gathered from the Request for Information. In total, we estimate that the Treasurer’s Office needs a one-time appropriation of \$700,000 for contracted support, as well as \$125,000 in a base funding increase to support one limited-service FTE. We are requesting a portion of these resources (\$350,000 and the FTE base funding) in the Budget Adjustment Act so as to effectuate this work sooner and comply with the timelines put forth in the statute. The resources identified herein as necessary are based on the scope of the Act and the extent of the technical work needed to assess costs as currently understood.

Section 54 “Notwithstanding” Language

Section 54 of the BAA “notwithstands” waterfall language in 32 VSA 308c(a) and reserves balances for use in the next FY for permanent housing, property tax relief, and other uses. It would seem the effect of this language is that it would foreclose the opportunity for any amounts subject to the waterfall to go as currently directed, which includes 25% to the VSERS Pension Fund and 25% to the Teachers postretirement adjustment allowance account (PAAA). Our understanding is the working expectation is to reserve approx. \$130 million into the next FY with this language.

The waterfall language in section 308c(a) was included in the Pension Reform legislation from 2022 (Act 114). Importantly, the PAAA has no other source of funding besides this waterfall language, so “notwithstanding” that section removes the possibility for funding the PAAA and contributing to the potential enhanced COLA benefit established in Act 114.

We are currently engaging with the Administration to see if there is a path to retaining the current waterfall language in a way that preserves the structure set forth in Act 114.