

To the Honorable Senate:

The Committee on Government Operations to which was referred House Bill No. H. 523 entitled: "An act relating to miscellaneous changes to the State's retirement systems"

respectfully report that it has considered the same and recommend that the bill ought to pass in concurrence.

(Committee vote: 5-0-0)



Senator Bray
FOR THE COMMITTEE

1 H.523
2 Introduced by Committee on Government Operations

3 Date:

4 Subject: Retirement; pensions

5 Statement of purpose of bill as introduced: This bill proposes to make
6 miscellaneous changes to the Municipal Employees', State Employees', and
7 Teachers' Retirement Systems. This bill also proposes to create the Law
8 Enforcement Retirement Benefits Study Committee.

9 An act relating to miscellaneous changes to the State's retirement systems

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

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

12 § 500. DEFINED CONTRIBUTION RETIREMENT PLAN

13 (a) The State Treasurer shall offer a retirement plan for State employees
14 who are not members of the classified system. The Plan shall qualify as a
15 defined contribution plan under the U.S. Internal Revenue Code, as amended.
16 Participation in such plan shall be in lieu of the retirement plans established
17 under chapter 16 of this title.

18 * * *

1 (c) Employees who elect to participate in the Defined Contribution
2 Retirement Plan shall contribute at the rate of 2.85 percent of the employee's
3 compensation for each payroll period. The State shall contribute to each
4 employee's account at the rate of seven percent of the employee's
5 compensation for each payroll period. Employees may make additional after-
6 tax contributions to the plan, provided that total annual contributions by an
7 employee and employer in any calendar year shall not exceed the maximum
8 permitted for such plans under the U.S. Internal Revenue Code. ~~Contributions~~
9 ~~shall not be subject to taxation until distribution is actually made or made~~
10 ~~available to the employee.~~

11 * * *

12 Sec. 2. 16 V.S.A. § 1944e is amended to read:

13 § 1944e. RETIRED TEACHERS HEALTH AND MEDICAL BENEFITS

14 (a) Payment of a portion of the cost of health and medical benefits

15 provided by subsection 1942(p) of this title for retired members and their
16 dependents shall be made from the Benefits Fund. The Board shall determine
17 the total costs of the applicable standard plan for a retired member and of the
18 applicable standard plan for a retired member and spouse, and the Board shall
19 pay the following portion of those costs:

20 (1) ~~80 percent of the cost for a retired member who has at least 10 years~~
21 ~~of creditable service as of July 1, 2010, and fewer than 25 years of creditable~~
22 ~~service at the time of retirement;~~ For retired members:

1 (A) 80 percent of the cost for a retired member who has either at
2 least 10 years of creditable service as of July 1, 2010, or 25 years of creditable
3 service at the time of retirement;

4 (B) 70 percent of the cost for a retired member who has fewer than
5 10 years of creditable service as of July 1, 2010, and 20 years or more but
6 fewer than 25 years of creditable service at the time of retirement;

7 (C) 60 percent of the cost for a retired member who has fewer than
8 10 years of creditable service as of July 1, 2010, and 15 or more but fewer
9 than 20 years of creditable service at the time of retirement; and

10 (D) for retired members who do not meet the requirements of
11 subdivisions (A) through (C), no portion of the costs shall be paid.

12 ~~(2) 80 percent of the cost for a retired member and spouse if the retired~~
13 ~~member has at least 10 years of creditable service as of July 1, 2010, and at~~
14 ~~least 25 years of creditable service at the time of retirement;~~

15 ~~(3) 60 percent of the cost for a retired member who has fewer than 10~~
16 ~~years of creditable service as of July 1, 2010, and 15 or more but fewer than~~
17 ~~20 years of creditable service at the time of retirement;~~

18 ~~(4) 70 percent of the cost for a retired member who has fewer than 10~~
19 ~~years of creditable service as of July 1, 2010, and 20 or more but fewer than~~
20 ~~25 years of creditable service at the time of retirement; and~~

1 Sec. 3. 24 V.S.A. § 5068 is amended to read:

2 § 5068. ELECTION

3 (a) Subject to the provisions of ~~subsection~~ subsections (b) and (c) of this
4 section, all employees shall be members of ~~group~~ Group A, unless an election
5 to become a member of ~~group~~ Group B, C, or D is made pursuant to this
6 section or, in the case of ~~group~~ Group B or C, unless a collective bargaining
7 agreement negotiated pursuant to 21 V.S.A. chapter 22 ~~of Title 21~~ so specifies.

8 * * *

9 Sec. 4. LAW ENFORCEMENT RETIREMENT BENEFITS STUDY

10 COMMITTEE; RECOMMENDATIONS; REPORT

11 (a) Creation. There is created the Law Enforcement Retirement Benefits
12 Study Committee to evaluate the requirements for, and make recommendations
13 on, membership in Group C of the Vermont State Employees' Retirement
14 System.

15 (b) Membership. The Committee shall be composed of the following
16 10 members:

17 (1) the Chairs of the House and Senate Committees on Appropriations
18 or designee;

19 (2) the Chairs of the House and Senate Committees on Government
20 Operations or designee;

1 (3) the State Treasurer or designee, who shall serve as chair of the
2 Committee;

3 (4) the Chair of the Vermont State Employees' Retirement System or
4 designee;

5 (5) the Commissioner of Human Resources or designee;

6 (6) the Commissioner of Public Safety or designee;

7 (7) one member appointed by the Vermont State Employees'
8 Association; and

9 (8) one member appointed by the Vermont Troopers Association.

10 (c) Powers and Duties.

11 (1) The Committee shall review the requirements for membership in
12 Group C of the Vermont State Employees' Retirement System, as set forth in
13 3 V.S.A. § 455(a)(9)(B) and (11)(C), and shall review all current employee
14 positions classified as Group C in order to perform the following analysis:

15 (A) Whether the requirements for membership in Group C are
16 tailored to provide the appropriate retirement benefit to the appropriate group
17 of employees. This analysis shall include identifying all law enforcement
18 positions that are currently in Group C and all law enforcement positions that
19 are in another Group.

20 (B) Whether applicable federal requirements, including the
21 provisions of Age Discrimination in Employment Act, merit changes to the

1 requirements of Group C. This shall include an evaluation of any possible
2 changes to mandatory retirement ages as well as whether the specified
3 positions are appropriately subject to a mandatory retirement age.

4 (2) Based on the evaluation described in subdivision (1) of this section,
5 the Committee shall make recommendations as to:

6 (A) whether any State employee positions currently in Group C
7 should be reclassified to another Group within the Vermont State Employees'
8 Retirement System, given the nature of the job duties performed by members
9 in such positions;

10 (B) whether any State employee positions not currently in Group C
11 should be reclassified into Group C, given the nature of the job duties
12 performed by members in such positions; and

13 (C) whether the General Assembly should consider any revisions or
14 enhancements to the retirement benefits for certain State employee positions
15 that do not qualify for the current or recommended Group C requirements, or
16 reclassification of State employee positions, where the nature of the position
17 and job duties performed merit such revisions.

18 (3) The Committee shall review the actuarial and legal analyses
19 provided by the State Treasurer and make any adjustments to its
20 recommendations as it deems appropriate in light of the financial impact on
21 the Vermont State Employees' Retirement System.

1 (d) Assistance.

2 (1) The Committee shall have the administrative, technical, legal, and
3 fiscal assistance of the Office of Legislative Council and the Joint Fiscal
4 Office.

5 (2) The Committee shall also be entitled to seek financial and technical
6 input or services from the Office of the State Treasurer, the Attorney General's
7 Office, the Agency of Administration, the Agency of Digital Services, the
8 Department of Finance and Management, the Department of Human
9 Resources, and the Department of Public Safety.

10 (3) The State Treasurer, in consultation with the Attorney General's
11 Office, shall be authorized to retain outside legal counsel to assist in the
12 evaluation required under subdivision (c)(1) of this section and to provide a
13 legal opinion as to any recommendation proposed pursuant to subdivision
14 (c)(2) of this section.

15 (4) The State Treasurer shall consult with an actuary in order to
16 determine any financial impact on the System as a result of changes
17 recommended under subdivision (c)(2) of this section.

(e) Appropriation. The amount of ~~\$75,000.00~~\$65,000.00 in general funds
is appropriated to the Office of the State Treasurer to retain expert assistance in
performing the actuarial and legal analysis required in subsection (d) of this
section.

1 (f) Meetings.

2 (1) The State Treasurer shall call the first meeting of the Committee to
3 occur on or before September 1, 2019.

4 (2) A majority of the membership of the Committee shall constitute a
5 quorum.

6 (3) The Committee shall meet not more than 12 times when the General
7 Assembly is not in session.

8 (4) The Committee shall cease to exist on June 30, 2021.

9 (g) Compensation and reimbursement. For attendance at meetings during
10 adjournment of the General Assembly:

11 (1) A legislative member of the Committee shall be entitled to per diem
12 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406.

13 These payments shall be made from monies appropriated to the General
14 Assembly.

15 (2) A member of the Committee who is neither a legislative member nor
16 an employee of the State of Vermont and who is not otherwise compensated or
17 reimbursed for his or her attendance shall be entitled to per diem compensation
18 and reimbursement of expenses pursuant to 32 V.S.A. § 1010 paid from the
19 budget of the State Treasurer's Office for attendance of meetings of the
20 Committee.

1 (h) Reports.

2 (1) On or before January 15, 2020, the Committee shall provide a
3 progress report on the evaluation described in subsection (c) of this section to
4 the House and Senate Committees on Government Operations and on
5 Appropriations.

6 (2) On or before January 15, 2021, the Committee shall submit a written
7 report, including the recommendations described in subsection (c) of this
8 section, to the House and Senate Committees on Government Operations and
9 on Appropriations.

10 Sec. 5. EFFECTIVE DATE

11 This act shall take effect on passage.