

1 Sec. 1. 3 V.S.A. chapter 17 is amended to read:

2 CHAPTER 17. ~~VERMONT STATE POLICE AND MOTOR VEHICLE~~
3 ~~INSPECTORS' RETIREMENT SYSTEM~~ VERMONT PENSION
4 INVESTMENT COMMISSION

5 § 521. DEFINITIONS

6 As used in this chapter,:

7 (1) ~~“Committee”~~ Commission means the Vermont Pension Investment
8 ~~Committee~~ Commission.

9 (2) “Financial Expert” means an individual with material expertise and
10 experience in institutional fund management, or other significant pension or
11 other relevant financial expertise.

12 (3) “Independent” means an individual who does not have a direct or
13 indirect material interest in the Plans.

14 (A) An individual has a direct or indirect material interest in the
15 Plans if:

16 (i) the individual is a beneficiary of any of the Plans; or

17 (ii) the individual or the individual's spouse, parent, child, sibling,
18 or in-law is or has been within the past five years an employee, director,
19 officer, owner of a publicly traded company, consultant, manager, or had
20 another material role with an entity servicing the Plans.

21 (B) An individual is considered an owner of a publicly traded
22 company if the individual owns, directly or indirectly, five percent or more of a

1 class of the company's equity securities registered under the Securities
2 Exchange Act of 1934 (15 U.S.C. § 78 et seq.), as amended.

3 (C) An individual shall be considered independent pursuant to this
4 subdivision (3) if the individual's spouse, parent, child, sibling, or in-law is a
5 beneficiary of any of the Plans, provided the individual files an annual
6 disclosure report to the Commission.

7 (4) "Plans" means the Vermont State Teachers' Retirement System, the
8 Vermont State Employees' Retirement System, and the Vermont Municipal
9 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.
10 § 1943, and 24 V.S.A. § 5063.

11 § 522. VERMONT PENSION INVESTMENT ~~COMMITTEE~~

12 COMMISSION

13 (a) Members. There is created the Vermont Pension Investment
14 ~~Committee~~ Commission, an independent commission, to comprise seven 10
15 members as follows:

16 (1) one member and one alternate, ~~who may or may not be trustees of~~
17 ~~the Board of the Vermont State Employees' Retirement System,~~ elected by the
18 employee and retiree members of ~~that board~~ the Board of the Vermont State
19 Employees' Retirement System;

20 (2) one member and one alternate, ~~who may or may not be trustees of~~
21 ~~the Board of the State Teachers' Retirement System of Vermont,~~ elected by the
22 employee and retiree members of ~~that~~ the Board of the Vermont State
23 Teachers' Retirement System;

1 (3) one member and one alternate, ~~who may or may not be trustees of~~
2 ~~the Board of the Vermont Municipal Employees' Retirement System~~, elected
3 by the municipal employee and municipal official members of ~~that~~ the Board
4 of the Vermont Municipal Employees' Retirement System;

5 (4) two members and one alternate, who shall each be a financial expert
6 and independent, appointed by the Governor;

7 (5) the State Treasurer or designee, an ex-officio voting member; ~~and~~

8 (6) one member, appointed by the other ~~six voting~~ nine members of the
9 ~~Committee~~ Commission, who shall serve as Chair of the ~~Committee~~
10 Commission and at the pleasure of the ~~Committee~~ Commission;

11 (7) the Commissioner of Financial Regulation or designee, an ex-officio
12 voting member;

13 (8) one member representing a municipal employer, appointed by the
14 Executive Director of the Vermont League of Cities and Towns; and

15 (9) one member representing a school employer, appointed by the
16 Vermont School Boards Association.

17 (b) Training. ~~An authority responsible for electing or appointing a member~~
18 ~~or alternate shall consider the experience and knowledge of potential members~~
19 ~~and alternates consistent with the purposes of the Committee, and shall inform~~
20 ~~potential members and alternates that they shall participate in~~ Members and
21 alternates of the Commission shall be required to participate in onboarding and
22 ongoing periodic training in investments, securities, and fiduciary
23 responsibilities as directed by the ~~Committee~~ Commission. The Commission

1 shall provide an annual report to the respective authorities responsible for
2 electing and appointing members and alternates regarding attendance at
3 Commission meetings and relevant educational programs attended.

4 (c) ~~Initially, one appointee and the alternate appointee of the Governor~~
5 ~~shall serve a two year term, and the second appointee shall serve for a four-~~
6 ~~year term. Thereafter, the Governor's appointees and alternate appointee shall~~
7 ~~serve for four year terms. Initially, the member and alternate chosen by the~~
8 ~~Vermont Municipal Employees' Retirement Board shall serve for a two year~~
9 ~~term, the member and alternate chosen by the Vermont State Teachers'~~
10 ~~Retirement Board shall serve for a three year term and the member and~~
11 ~~alternate chosen by the Vermont State Employees' Retirement Board shall~~
12 ~~serve for a four year term. Thereafter, all members and alternates shall serve~~
13 ~~for four year terms.~~ Member terms.

14 (1) Except as provided in subdivision (2) of this section and for the ex-
15 officio members of the Commission, all members and alternates of the
16 Commission shall serve staggered four-year terms. A vacancy created before
17 the expiration of a term shall be filled in the same manner as the original
18 appointment for the unexpired portion of the term. A member or alternate
19 appointed to fill a vacancy created before the expiration of a term shall not be
20 deemed to have served a term for the purpose of this subsection. Members and
21 alternates of the Commission shall be eligible for reappointment and shall
22 serve not more than three terms; provided, however, that a single term served
23 as an alternate shall not be used to calculate a member's total term limit.

1 Members and alternates of the Commission may be removed only for cause.
2 The Commission shall adopt rules pursuant to chapter 25 of this title to define
3 the basis and process for removal.

4 (2) The Chair shall serve not more than [X] years on the Commission as
5 a chair or Commission member. If the Chair is unable to perform his or her
6 duties, the Commission shall elect an interim chair who shall be a financial
7 expert or independent.

8 (3) Terms shall end on June 30 with new terms beginning on July 1.

9 (4) Notwithstanding subdivision (3) of this subsection, members and
10 alternates shall serve until their successors are appointed subject to the term
11 limits provided in this subsection.

12 (d) Chair and vice chair.

13 (1)(A) The Chair of the Vermont Pension Investment Committee
14 Commission shall have the financial, investment, leadership, and governance
15 expertise as required by policies adopted by the Commission.

16 (B) The Chair shall be a nonvoting member, except in the case of a
17 tie vote.

18 (2) The Vermont Pension Investment Commission shall elect a vice
19 chair from among its members.

20 ~~(e) The Vermont Pension Investment Committee shall elect a vice chair~~
21 ~~from among its members~~ Eligibility. No legislator who is currently serving in
22 the General Assembly shall serve on the Commission.

23 (f) ~~Four~~ Meetings.

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1 (1) Five members of the ~~Committee~~ Commission shall constitute a
2 quorum.

3 (2) If a member is not in attendance, the alternate of that member shall
4 be eligible to act as a member of the ~~Committee~~ Commission during the
5 absence of the member.

6 (3) ~~Four~~ Five concurring votes shall be necessary for a decision of the
7 ~~Committee~~ Commission at any meeting of the ~~Committee~~ Commission, except
8 that any decision of the Commission relating to setting actuarial assumptions
9 pursuant to subdivision 523(b)(1) of this title shall require six concurring
10 votes. The Committee shall be attached to the Office of the State Treasurer for
11 administrative support, and the expenses of the Committee and the Treasurer's
12 office in support of the Committee shall be paid proportionately from the funds
13 of the three retirement systems and any individual municipalities that have
14 been allowed to invest their retirement funds pursuant to subsection 523(a) of
15 this title.

16 (g) Leave time. Public employee members and alternates shall be granted
17 reasonable leave time by their employers to attend ~~Committee~~ Commission
18 meetings and ~~Committee-related~~ Commission-related educational programs.

19 (h) ~~The Committee shall provide an annual report to the respective~~
20 ~~authorities responsible for electing and appointing members and alternates~~
21 ~~regarding attendance at Committee meetings and relevant educational~~
22 ~~programs attended~~ Compensation and reimbursements. Members and
23 alternates of the Commission who are not public employees shall be entitled to

1 compensation as set forth in 32 V.S.A. § 1010 and reimbursement for all
2 necessary expenses that they may incur through service on the Commission
3 from the funds of the retirement systems. The Chair of the Commission may
4 be compensated from the funds at a level not to exceed one-third of the salary
5 of the State Treasurer, as determined by the other members of the Commission.

6 (i) ~~A vacancy of an elected or appointed member or alternate shall be filled~~
7 ~~for the remainder of the term by the authority responsible for electing or~~
8 ~~appointing that member or alternate~~ Assistance and expenses.

9 (1) The Commission shall have the administrative and technical support
10 of the Office of the State Treasurer.

11 (2) The Commission may collect proportionally from the funds of the
12 three retirement systems and any individual municipalities that have been
13 allowed to invest their retirement funds pursuant to subsection 523(a) of this
14 title, any expenses incurred that are associated with carrying out its duties, and
15 any expenses incurred by the Treasurer's office in support of the Commission.

16 (3) The Attorney General shall serve as legal advisor to the
17 Commission.

18 § 523. VERMONT PENSION INVESTMENT ~~COMMITTEE~~

19 COMMISSION; DUTIES

20 (a) General. The Vermont Pension Investment ~~Committee~~ Commission
21 shall be responsible for the investment of the assets of the ~~State Teachers'~~
22 ~~Retirement System of Vermont~~ Vermont State Teachers' Retirement System,
23 the Vermont State Employees' Retirement System, and the Vermont Municipal

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1 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.
2 § 1943, and 24 V.S.A. § 5063. The ~~Committee~~ Commission shall strive to
3 maximize total return on investment, within acceptable levels of risk for public
4 retirement systems, in accordance with the standards of care established by the
5 prudent investor rule under 14A V.S.A. § 902. The ~~Committee~~ Commission
6 may, in its discretion, subject to approval by the Attorney General, also enter
7 into agreements with municipalities administering their own retirement
8 systems to invest retirement funds for those municipal pension plans. The
9 State Treasurer shall serve as the custodian of the funds of all three retirement
10 systems. The ~~Committee~~ Commission may, in its discretion, also enter into
11 agreements with the State Treasurer to invest the State Employees'
12 Postemployment Benefits Trust Fund, established in ~~3 V.S.A. § section~~ 479a
13 of this title, and the Retired Teachers' Health and Medical Benefits Fund,
14 established in 16 V.S.A. § 1944b.

15 ~~(b) Members and alternates of the Committee who are not public~~
16 ~~employees shall be entitled to compensation as set forth in 32 V.S.A. § 1010~~
17 ~~and reimbursement for all necessary expenses that they may incur through~~
18 ~~service on the committee from the funds of the retirement systems. The Chair~~
19 ~~of the Committee may be compensated from the funds at a level not to exceed~~
20 ~~one third of the salary of the State Treasurer, as determined by the other~~
21 ~~members of the Committee~~ Powers and Duties. The Commission shall have
22 the following duties:

23 (1) Set the following actuarial assumptions:

- 1 (A) the investment rate of return;
2 (B) the inflation rate; and
3 (C) the smoothing rate method used for the actuarial valuation of
4 assets and returns.

5 (2) Not more than 180 days after the end of each fiscal year, conduct an
6 asset allocation study that reviews the expected return of each fund, including a
7 risk analysis using best practices methodologies to estimate potential risks to
8 the fund's asset values over a five-, 10-, and 20-year period, and the remainder
9 of the statutory amortization period. The study shall be submitted to the House
10 and Senate Committees on Government Operations and the Office of the
11 Governor and made publicly available within 10 days of completion.

12 (c) Recordkeeping. The ~~Committee~~ Commission shall keep a record of all
13 its proceedings, which shall be open for public inspection.

14 (d) Policies. The ~~Committee~~ Commission shall formulate policies and
15 procedures deemed necessary and appropriate to carry out its functions,
16 including a written statement of the responsibilities of and expectations for the
17 Chair of the ~~Committee~~ Commission and standards of conduct for members
18 and employees of the Commission in order to maintain and promote public
19 confidence in the integrity of the Commission. The standard of conduct
20 policies shall prohibit members and employees from receiving or soliciting any
21 gift, including meals, alcoholic beverages, travel fare, room and board, or any
22 other thing of value, tangible or intangible, from any vendor or potential

1 vendor of investment services, management services, brokerage services, and
2 other services to the Commission.

3 (e) ~~The Attorney General shall serve as legal advisor to the Committee~~
4 Contracts.

5 (f) Contracts approved by the ~~Committee~~ Commission and related
6 documents may be executed by the Chair, or, in the Chair's absence, the Vice
7 Chair.

8 (f) Asset and liability study. Beginning on July 1, 2022, and every three
9 years thereafter, based on the most recent actuarial valuations of each Plan, the
10 Commission shall study the assets and liabilities of each Plan over a 20-year
11 period. The study shall:

12 (1) project the expected path of the key indicators of each Plan's
13 financial health based on all current actuarial and investment assumptions;
14 current contribution and benefit policies, including the Plans' mark-to-market
15 funded ratio; actuarially required contributions by source; payout ratio; and
16 related liquidity obligations; and

17 (2) project the effect on each Plan's financial health resulting from:

18 (A) possible material deviations from Plan assumptions in investment
19 assumptions, including returns versus those expected and embedded in the
20 actuary's estimate of actuarially required contributions and any material
21 changes in capital markets volatility; and

22 (B) possible material deviations from key plan actuarial assumptions,
23 including retiree longevity, potential benefit increases, and inflation.

1 (g) Changes to actuarial rate of return. ~~Notwithstanding any other~~
2 ~~provision of law to the contrary,~~ Any changes to the actuarial rate of return
3 shall be made ~~at a joint meeting of~~ by the ~~Committee~~ Commission ~~and the~~
4 ~~appropriate Retirement Board. The Board and Committee shall review the~~
5 ~~recommendations of the actuary and the investment consultant. A change to an~~
6 ~~actuarial rate of return shall be by joint resolution of the Board and Committee.~~
7 ~~Each body shall vote according to its own procedures. In the event that the~~
8 ~~Board and Committee are unable to agree on an actuarial rate of return, the~~
9 ~~existing assumed rate of return shall remain in effect.~~

10 (h) Annual reports.

11 (1) Beginning on January 15, 2022, and every year thereafter, the
12 Commission shall submit to the House and Senate Committees on Government
13 Operations:

14 (A) a report on the performance of each Plan versus its demographic
15 investment and other actuarial assumptions over three-, five-, seven-, and 10-
16 year period, and the funding ratio of each plan to each plan beneficiary at the
17 end of each fiscal year; and

18 (B) a report on the status of the funding and investment performance
19 of each Plan and any relevant information from the asset liability and scenario
20 testing completed during the prior fiscal year.

21 (2) The Commission shall send to each participant or beneficiary of each
22 Plan a written or electronic copy of the report described in subdivision (1) of
23 this subsection, in the format authorized by the participant or beneficiary. The

1 report shall be consolidated with any other reports required to be sent by the
2 Commission to the participants or beneficiaries of each Plan.

3 Sec. 2. VERMONT PENSION INVESTMENT COMMISSION;

4 TRANSITION OF MEMBER TERMS

5 The transition of the member terms of the Vermont Pension Investment
6 Commission, created in Sec. 1 of this act, are as follows:

7 (1) Beginning on July 1, 2021, members shall be appointed to fill the
8 new member seats established in 3 V.S.A. § 522(a)(7)–(9) in Sec. 1 of this act.
9 The member appointed pursuant to 3 V.S.A. § 522(a)(8) in Sec. 1 of this act
10 shall serve an initial term of one year, and the member appointed pursuant to 3
11 V.S.A. § 522(a)(9) in Sec. 1 of this act shall serve an initial term of two years.

12 (2) Members and alternates serving on the Commission as of the date of
13 enactment of this act shall serve until the June 30 in the year prior to the
14 expiration of their current terms or June 30, 2023, whichever is earlier.
15 Current members and alternates may be reappointed if they meet the eligibility,
16 qualification, and term limit requirements of 3 V.S.A. § 522 in Sec. 1 of this
17 act.

18 Sec. 3. VERMONT PENSION INVESTMENT COMMISSION; FISCAL

19 YEAR 2022 REPORTS

20 (a) On or before January 15, 2022, the Commission shall develop a written
21 policy for implementing the asset allocation study and the asset and liability
22 study required by 3 V.S.A. § 523 and shall make the policy publicly available.

1 (b) On or before July 1, 2021, the Commission shall hire an independent
2 third party to review and report on the operations of the Commission and the
3 Retirement Division of the State Treasurer's office and make recommendations
4 on best practices and necessary actions to transfer the Commission to an
5 independent entity. The report shall include a review of budgetary authority,
6 frequency of trainings, transfer or hiring of personnel, and compensation of the
7 Commission Chair and Commission employees. On or before January 15,
8 2022, the Commission shall submit a copy of the report to the House and
9 Senate Committees on Government Operations.

10 Sec. 4. 3 V.S.A. § 471 is amended to read:

11 § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
12 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

13 * * *

14 (j) The Retirement Board shall designate an actuary who shall be the
15 technical advisor of the Board on matters regarding the operation of the Fund
16 of the Retirement System, and shall perform such other duties as are required
17 in connection therewith. Immediately after the establishment of the Retirement
18 System, the Retirement Board shall adopt for the Retirement System such
19 mortality and service tables as shall be deemed necessary and shall certify the
20 rates of contribution payable under the provisions of this subchapter. At least
21 once in each ~~five-year~~ three-year period following the establishment of the
22 System, the actuary shall make an actuarial investigation into the mortality,
23 service, and compensation experience of the members and beneficiaries of the

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1 Retirement System, and taking into account the results of such investigation,
2 the Retirement Board shall adopt for the Retirement System such mortality,
3 service, and other tables as shall be deemed necessary and shall certify the
4 rates of contribution payable under the provisions of this subchapter.

5 * * *

6 Sec. 5. 3 V.S.A. § 472 is amended to read:

7 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

8 * * *

9 (d) Except as otherwise herein provided, no trustee and no employee of the
10 Board or member of the ~~Committee~~ Commission shall have any direct interest
11 in the gains or profits of any investment made by the ~~Committee~~ Commission;
12 nor shall any trustee or employee of the Board or the ~~Committee~~ Commission,
13 directly or indirectly, for himself or herself or as an agent, in any manner use
14 the same except to make such current and necessary payments as are
15 authorized by the Board or ~~Committee~~ Commission; nor shall any trustee or
16 employee of the Board or the ~~Committee~~ Commission become an endorser or
17 surety, or in any manner an obligor, for the monies loaned to or borrowed from
18 the Board. The Treasurer, with the approval of the Board and the ~~Committee~~
19 Commission, shall adopt by rule standards of conduct for trustees, ~~members of~~
20 ~~the Committee~~, and employees of the Board ~~and Committee~~ in order to
21 maintain and promote public confidence in the integrity of the Board ~~and~~
22 ~~Committee~~. Such rules shall prohibit trustees and employees from receiving or
23 soliciting any gift, including meals, alcoholic beverages, travel fare, room and

1 board, or any other thing of value, tangible or intangible, from any vendor or
2 potential vendor of investment services, management services, brokerage
3 services, and other services to the Board or ~~Committee~~ Commission.

4 Sec. 6. 16 V.S.A. § 1942 is amended to read:

5 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE
6 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

7 * * *

8 (m) Immediately after the establishment of the System, the actuary shall
9 make such investigation of the mortality, service, and compensation experience
10 of the members of the System, as the actuary shall recommend and the Board
11 shall authorize, for the purpose of determining the proper mortality and service
12 tables to be prepared and submitted to the Board for adoption. Having regard
13 to such investigation and recommendation, the Board shall adopt for the
14 System such mortality and service tables as shall be deemed necessary, and
15 shall certify the rates of contribution payable under the provisions of this
16 chapter. At least once in each ~~five-year~~ three-year period following the
17 establishment of the ~~system~~ System, the actuary shall make an actuarial
18 investigation into the mortality, service, and compensation experience of the
19 members and beneficiaries of the System, and taking into account the results of
20 such investigation, the Board shall adopt for the System such mortality,
21 service, and other tables as shall be deemed necessary and shall certify the
22 rates of contribution payable under the provisions of this chapter.

23 * * *

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1 Sec. 7. 16 V.S.A. § 1943 is amended to read:

2 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

3 * * *

4 (d) Except as otherwise provided in this section, no trustee and no
5 employee of the Board or member of the Vermont Pension Investment
6 ~~Committee~~ Commission shall have any direct interest in the gains or profits of
7 any investment made by the ~~Committee~~ Commission; nor shall any trustee or
8 employee of the Board or ~~Committee~~ Commission, directly or indirectly, for
9 himself or herself or as an agent, in any manner use the same except to make
10 such current and necessary payments as are authorized by the Board or
11 ~~Committee~~ Commission; nor shall any trustee or employee of the Board or
12 ~~Committee~~ Commission become an endorser or surety, or in any manner an
13 obligor, for the monies loaned to or borrowed from the Board. The State
14 Treasurer, with the approval of the Board and the Committee, shall adopt by
15 rule standards of conduct for trustees and employees of the Board in order to
16 maintain and promote public confidence in the integrity of the Board. Such
17 rules shall prohibit trustees, ~~members of the Committee~~, and employees from
18 receiving or soliciting any gift, including meals, alcoholic beverages, travel
19 fare, room and board, or any other thing of value, tangible or intangible, from
20 any vendor or potential vendor of investment services, management services,
21 brokerage services, and other services to the Board.

22 Sec. 8. 24 V.S.A. § 5062 is amended to read:

23 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES

1 except to make such current and necessary payments as are authorized by the
2 Board or ~~Committee~~ Commission; nor shall any trustee or employee of the
3 Board or ~~Committee~~ Commission become an endorser or surety, or in any
4 manner an obligor, for monies loaned to or borrowed from the Board.

5 Sec. 10. PENSION BENEFITS, DESIGN, AND FUNDING TASK FORCE;

6 STATE EMPLOYEES' RETIREMENT SYSTEM; STATE

7 TEACHERS' RETIREMENT SYSTEM; REPORT

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

12 (b) Membership.

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

14 (A) one current member of the House of Representatives, who shall
15 be appointed by the Speaker of the House;

16 (B) one current member of the Senate, who shall be appointed by the
17 Committee on Committees;

18 (C) two members, who shall be appointed by the Governor;

19 (D) the State Treasurer or designee;

20 (F) two members, who shall be appointed by the president of the
21 Vermont-NEA;

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

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

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

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

10 (C) Upon designation and approval, any member appointed pursuant
11 to subdivisions [(1)(D) – **this is only subdivision with an appointee**] of this
12 subsection (b) shall be the only representative of the designator to participate
13 in Task Force proceedings.

14 (c) Powers and duties.

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

21 (A) developing and evaluating strategies for the State Employees'
22 Retirement System and the State Teachers' Retirement System that:

1 (i) reduces the actuarial accrued liability based on actuarial
2 value of assets by a sum equivalent to the amount of the increase from fiscal
3 year 2021 to fiscal year 2022, as reported in the Vermont State Employees’
4 Retirement System Actuarial Valuation and Review, dated June 30, 2020
5 and the Vermont State Teachers’ Retirement System Actuarial Valuation
6 and Review, dated June 30, 2020; and

7 (ii) reduces the actuarially determined employer contributions
8 by a sum equivalent to the amount of the increase from fiscal year 2021 to
9 fiscal year 2022, as reported in the Vermont State Employees’ Retirement
10 System Actuarial Valuation and Review, dated June 30, 2020 and the
11 Vermont State Teachers’ Retirement System Actuarial Valuation and
12 Review, dated June 30, 2020;

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

16 (C) based on benefit and funding benchmarks:

17 (i) **proposed benefit** structures with the objective of adequate
18 benefits within the established cost containment benchmarks, including an
19 evaluation of a shared-risk model for **employer and** employee contributions
20 and cost-of-living adjustments; and

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

1 (iii) the State's pension contributions as a percentage of direct
2 general spending, and a comparison of other states' pension contributions.

3 (D) evaluating the intermediate and long-term economic impacts
4 to the State and local economies because of any proposed changes to
5 current benefit structures and contribution characteristics and their potential
6 effects on retiree spending power, including retirees who identify as female
7 and retirees who are persons with disabilities;

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

11 (F) an examination of the effects of current benefit structures and
12 contribution characteristics on the recruitment and retention of public
13 school educators and State employees, and an evaluation of any proposed
14 changes to current benefit structures and contribution characteristics on the
15 recruitment and retention of public school educators and State employees in
16 the future;

17 (G) examining permanent and temporary revenue streams to fund
18 the Vermont State Employees' Retirement System and the State Teachers'
19 Retirement System;

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

22 (I) a plan to study health benefit design innovations, State
23 regulatory measures, and alternative methods of providing pooled health

1 care benefits to both active and retired school employees to lower health
2 care costs for employees, retirees, school boards, and the state.

3 (2) The Task Force shall not make recommendations on adjusting the
4 assumed rates of return.

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

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

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

14 (e) Assistance.

15 (1) The Task Force shall have:

16 (A) administrative, technical, and legal assistance from the Office of
17 Legislative Counsel [NOTE: Leg Counsel would not be able to provide
18 technical assistance and legal assistance would be in the form of
19 contracting for outside legal services];

20 (B) fiscal assistance from the Joint Fiscal Office; and

21 (C) committee support services from the Office of Legislative
22 Operations.

1 (2) The Task Force may contract for advisory services from an
2 independent benefits expert and legal expert, as necessary. The sum of not
3 more than \$200,000.00 in general funds shall be appropriated for this purpose.

4 (f) Leave time. Public employee members of the Task Force shall be
5 granted reasonable leave time by their employers to attend Task Force
6 meetings.

7 (g) Report. On or before October 15, 2021, the Task Force shall submit an
8 interim written report to the Governor and to the House and Senate
9 Committees on Government Operations with an update on the work of the
10 Task Force. The Task Force shall submit a final report with its findings and
11 any recommendations for legislative action on or before December 2, 2021.
12 The Task Force shall also provide the report to the Board of Trustees of the
13 State Employees' and Teachers' Retirement Systems for their consideration
14 and comment to the General Assembly.

15 (h) Meetings.

16 (1) The members appointed pursuant to subdivisions (b)(1)(A) and (B)
17 of this section shall appoint a House and Senate member as co-chairs, who
18 shall call the first meeting of the Task Force to occur on or before June 15,
19 2021.

20 (2) A majority of the membership shall constitute a quorum.

21 (3) The Task Force shall cease to exist on June 30, 2022.

22 (i) Compensation and reimbursement.

1 (1) For attendance at meetings during adjournment of the General
2 Assembly, a legislative member of the Task Force serving in his or her
3 capacity as a legislator shall be entitled to per diem compensation and
4 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than
5 15 meetings. These payments shall be made from monies appropriated to the
6 General Assembly.

7 (2) Other members of the Task Force who are not State employees shall
8 be entitled to per diem compensation and reimbursement of expenses as
9 permitted under 32 V.S.A. § 1010 for not more than 15 meetings. These
10 payments shall be made from monies appropriated to the State Treasurer.

11 Sec. 11. CONFORMING REVISIONS

12 When preparing the Vermont Statutes Annotated for publication, the Office
13 of Legislative Counsel shall replace “Vermont Pension Investment
14 Committee” with “Vermont Pension Investment Commission” throughout the
15 statutes as needed for consistency with Secs. 1–9 of this act, provided the
16 revisions have no other effect on the meaning of the affected statutes.

17 Sec. 12. EFFECTIVE DATE

18 This act shall take effect on passage.

19