

Week of February 8, 2021

Summary of current events: *We learned that legislative leaders – House Speaker Jill Krowinski and Senate President Pro Tempore Becca Balint – intend to plow ahead to address what they call the pension “problem.”*

Neither leader would commit to prevent the cuts recommended by the treasurer, and neither pointed to the unfairness of asking teachers to hand over hundreds of additional dollars a year for a slashed benefit at the same time the wealthiest Vermonters are doing very well, even during the pandemic. **As you know, we oppose these cuts; we also have urged the legislature to slow down, given that Gov. Phil Scott proposes to fully fund the pension’s long-term and short-term obligations in the coming year.**

To that end, last week State Senator Cheryl Hooker (D-Rutland) introduced **S.59, a bill that would impose at 3% income tax surcharge on the wealthiest Vermonters, those making \$500,000 per year or more**, to help pay for the pension costs on both the teachers’ and state employees’ pensions. It is proposals like these that the legislature must be looking at.

Please take a look at what we told the legislative leaders about “guardrails” for any adjustments to the pension [by clicking here](#). You can also find it at www.vtnea.org/protectourpension.

For Your Information: More ways gutting the pension will affect teaching in Vermont.

Making the pension cost more for a diminished benefit will exacerbate the already enormous shortage of teachers, in Vermont and nationally. Indeed, before the pandemic, experts said that over 100,000 full-time teaching jobs were unfilled nationwide, and that number has only gone up. When lower salaries, more expensive health care, and increasing demands converge, it’s no secret that the teaching profession is less attractive than it should be.

The effects here in Vermont will be real. If the treasurer’s recommendations are enacted, there will likely be a significant number – perhaps hundreds – of teachers who will choose to retire earlier than planned. It will also likely drive teachers to seek work in neighboring states, where salaries and pensions are higher than here. Teachers may also leave the profession, and prospective teachers may decide to avoid the profession altogether.

And it’s not just you and your colleagues who will be affected by any moves – like slashing a pension – that will cause people to leave teaching or never enter the profession. Students will, too. For the duration of the pandemic, and afterward, we need more full-time teachers in our classrooms, not fewer. We need the best educators in our schools, and we need more of them.

Learn More About How You May Be Affected

Our partners at NEA headquarters have put together two pension calculators that allow you to see just how much the elimination of the cost-of-living adjustment will cost you in retirement and one that predicts how much more a hike in your contribution rate will cost you now. **Both calculators – still in the beta stage – can be found at www.vtnea.org/pensioncalculator**. It’s best to visit the calculator on your computer and not tablet or mobile. Once you click on the calculator, an Excel document will download. Open the spreadsheet and enter your information.

Fuzzy Math – Where the pensions “crisis” came from.

Is the pension “problem” actually an accounting problem driven by Wall Street? Well, it may be. A 2019 study from the National Conference of Public Employee Retirement Systems showed that changes made to the accounting standards for public pensions helped to create a “crisis”. The report states, *“These rules provide a sometimes misleading picture of the health of a pension system and a poor guide to decisions by policy makers. They also create a degree of moral hazard for stakeholders, whereby the consequences of important decisions are not felt for years, possibly decades, after the decisions are made. It is possible to develop different rules that will address some of these shortcomings.”*

Read the full study here:

https://www.ncpers.org/files/The%20Case%20for%20New%20Pension%20Accounting%20Standards_May%202019.pdf