

March 24, 2021

Summary of Current Events:

On the morning of Wednesday March 24 the House Government Operations Committee unveiled a draft set of proposed benefits changes to the Vermont State Teachers' Retirement System. They are horrible. **In short, the proposal asks you to work longer, pay more and get less.** Here are some toplines:

- **Work Longer:** Raise the age to receive full retirement benefits 67 and eliminate the rule of 90.
- **Work Longer:** Increase the years of service for being vested in the system from 5 years to 10 years.
- **Pay More:** Increase your contribution to 7.25% from either 5% or 6%.
- **Pay More:** Create a new "risk-sharing" structure, that would force additional contributions of between .25% and 1% depending on your salary.
- **Get Less:** Only apply a COLA to the first \$24,000 of your pension.
- **Get Less:** Increase your pension calculation from the average for your final three years to your final seven years.

[Click here to read the full proposal.](#)

The committee is beginning testimony this week and through next week. After the House Government Operations Committee any proposal would go to the House Appropriations Committee, then the full House of Representatives and over to the Senate for a full process. But we must be clear this initial proposal in some ways is even worse than Treasurers Pearce's proposal from January. It is not just wrong, it is cruel.

We have made it abundantly clear that we will not support any plan whose aim is to charge teachers more, slash benefits, and eliminate COLAs. Be sure to keep up-to-date by viewing [our pension resources page](#).

Reminder – Not on us – Find the money for a solution:

While the House plan invests \$150 million in onetime funds, split between the teachers' and state employees' retirement systems, this is not enough! We believe that the course forward in addressing the pension's funding issues is fairly simple:

- **Federal Dollars First** – Use the expanded fiscal capacity of the state to steer significant money to pay-down the unfunded liability.
- **Wealthy Should Pay Their Fair Share** – Devise a dedicated revenue source – such as S.59's tax surcharge on the income of Vermonters earning more than \$500,000 a year – to address the system's annual needs. This proposal alone would inject over \$65 million annually into the unfunded pension liabilities.

We know that in the early 1990's then Governor Richard Snelling (R) pushed for and enacted an income tax surcharge on the wealthiest Vermonters. It worked then and it can work now. Additionally, we know that as a result of the 2017 federal Trump tax cuts the wealthiest 5% of Vermonters reaped over \$200 million in savings.

Call to Action:

- **New Action Alert:** Email members of the House Government Operations Committee ASAP: <https://actionnetwork.org/letters/tell-house-gov-ops-not-on-our-backs-protect-your-pension/>
- **UPDATED: Public Hearing Friday 3/26 and Monday 3/26, 4pm:** Friday is full but there is now one on Monday, additionally you can still watch the livestream and comment!!
 - Click here to sign up for Monday's Hearing: <https://legislature.vermont.gov/links/public-hearing-pension-system-reform>
 - Watch here: https://www.youtube.com/channel/UC_bfJARwdA10Mhi9ET7PEQw/featured
 - Want to send in comments? Email a Word or PDF with your statement to: testimony@leg.state.vt.us
- **Make yourself Visible – Week of Action 3/29-4/2:** We are asking local associations to make yourself visible in your community next week. Ask your Local Association Pension Organizer about details.