

State of Vermont
Agency of Administration
Department of Finance & Management
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Adam Greshin, Commissioner

To: Members of the Joint Fiscal Committee

From: Adam Greshin, Commissioner of Finance & Management

Date: November 3, 2022

RE: Status Update per Section B.1100 (c) of Act 185 of 2022

In Act 185 of 2022, section B.1100 (c), the legislature appropriated \$10 million one-time General Fund to the Agency of Administration “to be distributed as needed to departments and agencies if approved by the Commissioner of Finance and Management to fund the fiscal year 2023 payroll assessment necessary to meet the State employees’ pension and other post-employment benefits resulting from any changes to these programs enacted in the 2022 legislative session.” The Commissioner was asked to report to the Joint Fiscal Committee in November on the status of this appropriation.

In our FY24 budget development instructions, Finance & Management asked departments and agencies to assume an employer contribution rate of 26.7% of payroll for defined benefit plan participants. This represents a 4.7% increase from the 25.5% contribution rate budgeted in FY23. We further instructed departments and agencies to absorb this increase within the overall 3% target increase for their General Fund budget proposals.

We were aware at the time - and we are more aware now, having received the VSERS pension plan actuarial report - that the 26.7% contribution rate might not be sufficient to meet the FY24 ADEC requirements for VSERS pension and OPEB. Our intention was and is to use the \$10 million appropriation in Act 185 to supplement departments’ and agencies’ contributions to ensure we meet our ADEC requirements. While we are only 4 months into the fiscal year, and things can change, it appears the \$10 million will be fully utilized.

Our intention, as always, is to meet our ADEC requirement. We will have much better visibility in the Spring.

