

Treasurer has message about retirement fund challenges

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MONTPELIER -- On the schedule, state Treasurer Jeb Spaulding was supposed to brief the House Appropriations Committee on the money his office would need in the coming year.

Spaulding also used his appearance Thursday to remind the money panel about the challenges of paying the bills for retired state workers and teachers -- now and in the future.

It's a message he has been bringing to the Statehouse for years.

"It makes sense that it is the state treasurer who provides leadership on this issue," Spaulding said. He serves on all the retirement boards. "If not me, who?"

The state fell millions of dollars behind in funding the Vermont State Teachers' Retirement System and must catch up -- at the same time it faces demands for millions of dollars to fix roads and bridges, to cover growing health care expenses and to repay the Education Fund for two years of underfunding.

The Legislature and Gov. Jim Douglas agreed last year on a plan to restore the health of the teacher retirement fund. The two sides chose new annual payment amounts and pledged to appropriate the cash to make the payments, with most of it coming from funds that would be available year after year.

Last week, when Douglas unveiled his budget, Spaulding applauded because the governor had included the full \$40.7 million due to the Teacher Retirement Fund. Most of the money -- \$32.5 million -- would come from ongoing funding sources.

"He deserves a lot of credit," Spaulding said, "not only from teachers, but from taxpayers as well, who end up paying more over the long run when the state underfunds the plan."

House Appropriations Chairwoman Martha Heath, D-Westford, said her committee would look to see if there were any way to put even more of the expense in the base budget. "We always would be looking for a way to do more, but given how tight this budget is, I wouldn't want to raise anyone's expectations."

That was the good news that Spaulding reminded the budget committee about Thursday, but he also noted the additional challenge of covering the bills for retiree health care.

"We've been on a pay-as-you-go plan," he said, but new accounting standards will add to the state's costs -- perhaps as much as \$35 million a year.

Rep. John Morley, R-Orleans, is a new member of the House Appropriations Committee. He said Spaulding got his attention. "I have some real concerns whether our health care plans are sustainable."

Lawmakers asked the Treasurer's Office to hire a consultant to review both the pension and health benefits provided for state workers and teachers and recommend changes. Buck Consultants completed its report in December.

Spaulding said the report suggests changes regarding when workers become eligible for retirement benefits -- sure to be controversial. These kinds of changes should be made only with newly hired workers, Spaulding said.

Noting that baby boomers who teach or work for the state will begin retiring in droves, which will result in the hiring of many younger people, Spaulding said he sees a "once-in-a-generation opportunity." He called it a chance to "retool the retiree pension and health benefit structure that meets the needs of current and future retirees and is, at the same time, affordable to taxpayers and therefore sustainable."

He promises to lobby for action now.

The challenging task of retooling benefits falls to the House and Senate Government Operations committees. Rep. Donna Sweaney, D-Windsor, heads the House panel.

"I'd like to see something done this biennium," she said. "We do understand we have to do something. We just can't keep going the way we are going."

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