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Gov. Shumlin and Other Leaders Announce Changes to Pension System to Protect Taxpayers

MONTPELIER – Gov. Peter Shumlin was joined by Treasurer Beth Pearce, Attorney General Bill Sorrell, union leaders, House Speaker Shap Smith and Senate President Pro Tem John Campbell, and others today to announce they will pass early in the upcoming legislative session changes to the State, teacher and municipal employees pension systems that will allow judges to order that any public employee forfeit some or all of their pension if they are convicted of certain financial crimes related to their employment. This includes offenses like embezzlement, theft, bribery and other crimes that involve an abuse of public office for financial gain. Roughly half of states have some type of law dealing with pension issues linked to criminal cases.

"We need to ensure taxpayers are protected when an employee is convicted of fraud or other financial crimes linked to their public office," Gov. Shumlin said. The measure will not be applied to cases already prosecuted or being prosecuted; if approved by the Legislature, the changes would apply to new convictions. "I think this proposal strikes a good balance of protecting taxpayer money while not being unduly punitive against employees and their innocent dependents."

Treasurer Pearce agreed, adding, "While most public employees are dedicated and honest, financial crimes have occurred and are a violation of public trust. The proposal provides a fair and reasonable mechanism to recoup funds on behalf of the taxpayer when such acts occur."

"Public employees who steal from the public treasury should not be allowed to benefit in retirement from their ill-gotten gains," said the Attorney General. "Pension forfeiture legislation will provide a process that will allow a court to ensure this does not happen and will provide, in addition, a source of funds from which restitution may be made."

Under the proposal, judges would have the option of ordering --that some or all of an employee's pension be forfeited. The judge is directed to consider a number of factors, including the severity of the crime, the amount of money the state or town has lost, the degree of public trust placed in the individual, and whether innocent family members depend on the pension (pension could be redirected to innocent family). This reflects the fact that each of these cases presents a different set of facts to be taken into account before requiring someone to lose their pension.

Connecticut enacted a similar law in 2008 in an attempt to prevent former Gov. John Rowland from receiving his pension. He was convicted in 2004 of selling access to his office for personal gain.