H.509

An act relating to calculating statewide education tax rates

The Senate concurs in the House proposal of amendment with the following proposal of amendment thereto:

First: In Sec. 1, subdivision (1), by striking out "$10,077.00" and inserting in lieu thereof $10,280.00, and in subdivision (2), by striking out "$11,851.00" and inserting in lieu thereof $12,132.00

Second: By striking out the reader assistance and Secs. 2a and 2b (sales and use tax allocation) in their entirety and inserting in lieu thereof new Secs. 2a and 2b to read:

Sec. 2a. [Deleted.]

Sec. 2b. [Deleted.]

Third: By striking out the reader assistance and Secs. 3 through 5 (unfunded mandates) in their entirety and inserting in lieu thereof new Secs. 3 through 5 to read:

Sec. 3. [Deleted.]

Sec. 4. [Deleted.]

Sec. 5. [Deleted.]

Fourth: By striking out Sec. 7 (health care transition) in its entirety and inserting in lieu thereof the following:

Sec. 7. SAVINGS FROM HEALTH CARE TRANSITION

(a)(1) As a result of the Affordable Care Act, as of January 1, 2018, all school employees will be on new health care plans. The new health plans cover the same health care services and networks, but they have lower premium costs. The new plans also create higher out-of-pocket exposure through deductibles and co-payment requirements. However, because the premiums for these plans are markedly lower, there are opportunities to keep employees' out-of-pocket costs at current levels while also realizing up to $26,000,000.00 in annual savings, which would equal approximately $13,000,000.00 in savings for the second half of fiscal year 2018. These health care savings are returned to taxpayers by reducing homestead property tax rates for fiscal year 2018.

(2) These health care savings can be achieved by an 80/20 employer/employee premium split pegged to the Gold CDHP plan in plan year 2018, and employer contributions toward employees' out-of-pocket costs in amounts that hold school employees harmless over the out-of-pocket exposure for plan year 2017.

(b)(1) For fiscal year 2018 only, each supervisory union and school district shall be responsible for achieving through health care savings an amount equal to a proportional share of $13,000,000.00. Savings shall not be achieved by reducing any expenditure related to direct instructional services. For fiscal year 2019 and after, the budgets for all supervisory unions and school districts shall continue to reflect these health care savings.

(2) The Secretary of Administration, in collaboration with the Agency of Education, shall consult with the Vermont Education Health Initiative to determine the proportional amount of total health care savings that each supervisory union or school district shall be responsible for achieving in fiscal year 2018 based on the assumptions described in subdivision (a)(2) of this section and on the number of covered employees per plan tier in each supervisory union or school district in plan year 2017.

(3) On or before June 1, 2017, the Agency of Education shall notify each supervisory union or school district of the amount of health care savings for which it is responsible pursuant to subdivision (2) of this subsection.

(c) Notwithstanding any other provision of law, for fiscal year 2018 only, the State shall reduce the amount of education payments to supervisory unions and schools districts authorized by 16 V.S.A. chapter 133 by $13,000,000.00, by subtracting the amount of savings allocated to each supervisory union or school district in subsection (b) of this section from the payments due to that supervisory union or school district.

(d) As used in this section, the terms "supervisory union" and "school district" shall have the same meaning as in 16 V.S.A. § 11.

Fifth: By striking out Sec. 8 (effective dates) in its entirety and inserting in lieu thereof two new sections to be Secs. 8 and 9 to read as follows:

Sec. 8. VERMONT EDUCATIONAL HEALTH BENEFITS COMMISSION

(a) The Vermont Educational Health Benefits Commission is created to determine whether and how to establish a single statewide health benefit plan for all teachers, administrators, and municipal school employees in this State.

(b) The Commission shall comprise the following 10 members:

(1) four members of the labor organization representing the majority of teachers, administrators, and municipal school employees in this State, appointed by its membership;

(2) one member on behalf of all other labor organizations representing teachers, administrators, and municipal school employees in this State, jointly appointed by their membership;

(3) three members of the nonprofit organization representing Vermont's school boards, appointed by that organization's members; and

(4) two members of the nonprofit organization representing Vermont's superintendents, appointed by that organization's members.

(c) The Commission shall determine the advantages and disadvantages of establishing a single statewide health benefit plan for all teachers, administrators, and municipal school employees in this State, including considering transition issues, potential savings from avoided negotiation expenses, whether to use income-sensitized premiums, ways to address benefit disparities between bargaining units, ways to address disparities between districts, property tax implications, and issues related to uninsured school employees.

(d) On or before November 15, 2017, the Commission shall provide its findings and recommendations, along with any necessary proposed legislation regarding the establishment of a statewide health benefit plan for all teachers, administrators, and municipal school employees in this State, to the House Committees on Education, on General, Housing and Military Affairs, and on Ways and Means and the Senate Committees on Education, on Economic Development, Housing and General Affairs, and on Finance.

Sec. 9. EFFECTIVE DATES

(a) This section, Sec. 6a (calculation of rates in certain districts), and Sec. 7 (health care transition) shall take effect on passage.

(b) Sec. 8 (Vermont Educational Health Benefits Commission) shall take effect on passage, with the first meeting of the Commission to occur on or before July 1, 2017.

(c) The remaining sections of this act shall take effect on July 1, 2017 and apply to fiscal year 2018 and after.