

## MEMORANDUM

TO: Senate Education Committee

FROM: Jeff Fannon, Vermont-NEA Executive Director

DATE: April 26, 2018

RE: Senator Baruth's Statewide Educator Health Benefits Proposal

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Thank you very much for allowing me the opportunity to speak to the proposed statewide Commission on Public School Employee Health Benefits. In large, the proposal moves in the same direction as Vermont-NEA's members voted to move on April 7. At that meeting, our annual meeting, the Vermont-NEA delegates voted unanimously to move in the direction of a statewide bargaining construct.

Last April, the Governor, the Vermont School Boards' Association ("VSBA"), and the Vermont Superintendents' Association ("VSA") proposed a statewide health care benefit for school employees. At that time, my members fundamentally disagreed with proposal because it would eliminate their right to collectively bargain for their health care benefits. For years many educators gave up salary increases for a high-quality health care and simply giving up that right was a bridge too far.

The Governor, VSBA, and VSA all said that health care was too complex and too hard to bargain and should, therefore, be done at the state level. This proposed bill does what they requested.

Act 85 terminates all collective bargaining agreements' health care provisions between July and September in 2019. In other words, all of my members and VSBA's members will be bargaining over health care in 2019.

As you also know, the health care benefits offered to school employees changed on January 1, 2018, and the rollout of these new plans has been a disaster. VEHI decided to transition at once all school employees to the new plans. We did not think that was a good decision and, as it turns out, sadly we were right. Many employees suffered as a result, for example, not getting their prescriptions because they were asked to pay 100s of dollars and people weren't able to get actual medical care. Indeed, we received hundreds of calls and emails complaining of the transition to the new plans.

Understanding this backdrop and knowing health care would be "back" in 2019 because of Act 85, we started discussing health care with our members last year and throughout the transition to the new plans. That conversation culminated in our April 7 annual meeting where the delegates of Vermont-NEA spoke unanimously and expressed a willingness to do what the Governor and VSBA proposed last year—go the a statewide health benefit for educators.

In reviewing the proposal, I also looked at what the Act 85 Commission reported and compared the proposed bill with the Commission's report. I believe the bill meets with most of the report's suggestions.

The Act 85 Report recommended a statewide health benefit to eliminate inequities; it believed there would be long-term savings by reducing negotiating expenses; the members suggested the need for income sensitivity in order to alleviate health care disparities across the state; and the report did acknowledge that time was of the essence because all contracts expire in the summer of 2019. The report also said there should be "appropriate representation" including by and between employer and employee groups as well as representation by urban and rural schools and school employees when negotiating a statewide benefit. The report noted that a statewide benefit would require a well-timed negotiating timeline to ensure timely conclusion of the health benefit discussion so schools and employees could respond, and, if resolution couldn't be achieved by the statewide entity, then there should be an effective impasse procedure. And finally, the Commission had much discussion about income sensitivity and said there must be "[c]lear guidelines addressing how the specific features of income-sensitization will be decided as part of the larger negotiation . . ."

Looking at the proposed bill through the lens of the values my members expressed on April 7, the bill does, in fact, move significantly in that direction. Establishing the Commission, as the bill suggests, is consistent with what the Vermont-NEA delegates voted to do on April 7. I do, however, have some suggestions in this regard.

The bill should include retirees. The Vermont-NEA members very much wanted to ensure that retired teachers were included in any statewide benefit in a manner that protects them and their current health benefits. In other words, if the proposed Commission becomes operational it should include retirees.

The next concern about the bill is that, as drafted, it does not seem to cover employees of the 4 historic academies and it should. The bill should be clear to allow all employees and schools who currently are in VEHI should be covered by this new Commission.

I believe the income sensitivity in section 5 should be adjusted upwards to \$45,000. (*See* § 5(b)(2)(A) on line 16 on page 11)

Finally, we recommend amending to 16 VSA § 2005 by including the following language:

The negotiations councils for the school board and the teachers' or administrators' organization shall enter into a written agreement or agreements incorporating therein matters agreed to in negotiation, including health care benefits as determined by the commission on public school employee health benefits.

This would ensure that employees and employers include in the collective bargaining agreement the health benefits the Commission imposes. It would not, of course, mean health care bargaining would take place locally just that the Commission's benefits would be part of the overall agreement reached locally.

I likely will have other specific recommendations as we further review the proposal, but this is a significant first draft that Vermont-NEA supports. Thank you.