

MEMORANDUM

TO: Senate Finance Committee
FROM: Jeff Fannon, Vermont-NEA Executive Director
DATE: February 26, 2019
RE: Statewide Education Health Care Bargaining Update

Thank you for asking me to testify again about the technical changes we seek to Act 11 of the 2018 Special Session. Formal bargaining is scheduled to begin April 1, as required by the law. These changes are prospective in nature and they are fair and equitable to everyone. Additionally, these changes will reduce, not increase, the local bargaining issues. As I am sure you know, any agreement at the statewide bargaining table will necessarily will have an impact on local bargaining and addressing issues we see now in the statewide bargaining table will lesson strains locally. We want Act 11 to succeed, and we are concerned that it may not be a success if statewide problems become terrific local bargaining issues.

We believe that bargaining a statewide health benefit for all school employees provides the best opportunity to address inequities in our current health insurance model. After some reluctance to the Governor and VSBA's proposal in 2017, Vermont-NEA embraced change that led to Act 11.

We have three technical corrections we believe will improve the bargaining process for everyone:

1. Changing the effective date of the new statewide agreement to January 1, 2021 (section H.23(b) of Act 11 says health plan must be effective July 1, 2020).
2. Allowing the parties to negotiate a longer phase-in of an income sensitivity agreement, if the parties agree to a longer phase-in.
3. Allowing an arbitrator, as the neutral in the state employees bargaining law currently allows, to pick either sides' last best offer, or issue a decision settling the negotiations if selecting a parties' last offer would cause an "unreasonable and [would] likely [] produce [an] undesirable result[], or [it] likely [would] result in a long-lasting negative impact upon the parties' collective bargaining relationship." 3 VSA § 925(j).

Until recently, I was under the impression that VSBA agreed with item number 1. Apparently, VSBA's opposition is not based on substance but, instead, is based upon politics, i.e., VSBA agrees the date should change but doesn't want to change it because of political concerns that it will open the door to other changes it opposes. This date change was only to ensure that the newly negotiated agreement would not start mid-tax year. As did VEHI when it rolled out new plans last year, the delay to a January 1st start date will make sure nobody suffers adverse federal tax consequences. And, while the parties *might* be able to negotiate that delay, one side or the other could refuse and the other side, because of the way Act 11 is written, would have no ability to force the delay.

Item number 2 is really a matter of making sure the lowest paid support staff are not harmed in the transition to a statewide health arrangement. As the Legislature knew last year, the health care disparities among support staff employees are vast. Forcing a fast transition on these

employees could have dire economic consequences. We don't think this should be allowed to occur, which is why we think the parties should be allowed, not required, to negotiate a longer phase-in period.

Finally, allowing the arbitrator to select one side or the other's last offer, or fashion a remedy to prohibit an undesirable result, is consistent with what the Governor and VSBA sought in 2017. Here again, by giving the arbitrator authority to fashion a remedy that would be best for everyone, the proposed change will allow Act 11 to succeed and not simply push one party's decision out on everyone and leaving the consequences to be hashed-out at the local bargaining table. Punishing local school boards and educators because the arbitrator is prohibited from making a decision that works for both sides is not a recipe for the success of Act 11 or success in local bargaining thereafter.