



SOUTH BURLINGTON SCHOOL DISTRICT

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Dear Legislators,

Thank you for your consideration of H.63 and H.81. We are submitting this letter as written testimony before the Committee on General, Housing and Military Affairs on H.81 and request that it be entered into the record and posted on the Committee's website.

We support H.63 rather than H.81 because H.63 balances the need for cost containment with access to healthcare benefits for school employees. Some level of cost containment with respect to healthcare benefits is necessary to ensure the long-term sustainability of the benefits without further erosion of programming and supports for students, maintenance of facilities, and operational stability of school district operations.

In South Burlington, healthcare costs have been increasing significantly over the past few years, despite efforts at the state level to contain them. The attached chart shows the increase in healthcare costs in the district since FY2014 and a comparison of those costs to our total expense budget. Some conclusions that can be drawn from the history of healthcare costs in our district:

- The district did see a decrease in healthcare costs in FY2019 as the new healthcare plans introduced in FY2018 were fully implemented. However, increases in healthcare costs over the course of FY2020 and FY2021 will wipe out any savings achieved by the implementation of the new plans.
- FY2021 healthcare expenses are projected to be the highest in district history, despite significant cuts to staffing last year that were necessary to pass a budget.
- Healthcare as a percentage of the district's total expense budget hovered at just over 12% under the old healthcare plans, dropped to 10.7% when the new plans were implemented, and in FY2021 will be back at 12.8%. For FY2022, the district projects that healthcare costs will make up 13.3% of its total expenses.
- If healthcare costs had stayed at 10.7% of our budget and we had been able to pass the FY2020 and FY2021 budgets at the levels that they passed, over \$1 million more would have been available over the course of those two years for other priorities like student programming, facilities maintenance, and operational improvements that would lower the district's risk in several areas.
- From a different perspective, South Burlington taxpayers will have paid over \$1 million more toward the district's operational costs in FY2020 and FY2021 with no difference in educational outcomes.

Last year it took South Burlington three votes to finally pass a budget for FY2021. The budget we finally passed had a smaller overall expense increase than the expected increase in healthcare costs for this year, meaning that we had to reduce student programming and increase operational risk by making cuts in other areas of the budget. Numerous co-curricular activities at the middle and high schools, family and consumer science at the middle school, certain AP classes and business education classes at the high school, and certain coaching and counseling supports in the elementary schools, were among the cuts that were made last year. As a result of increasing costs, including healthcare, as well as the ongoing pandemic, we were unable to propose bringing back many of the cuts that were made last year.

The FY2022 proposed budget is impacted significantly by the Arbitrator's award and by escalating healthcare premiums. Healthcare expenses in the district are expected to increase by 10.57% in FY2022 after increasing over 14% in FY2021.

We are very concerned about the potential for H.81 to increase the impact of health benefits on local school budgets (beyond the current impacts of health benefits on budgets, which are significant).

I would respectfully ask the committee to support the following measures in H.63.

1. Require both sides to submit a full cost estimate for the full term of the proposal with a breakdown of costs borne by school districts and costs borne by employees on a statewide basis (current law does not require submission of cost estimates),
2. Require the arbitrator(s) to determine which of the two submissions most appropriately balances appropriate access to health care benefits and reasonable cost containment to ensure the financial sustainability of the plan (current law does not require any balancing of these two factors), and
3. Require the decision to include the full cost estimates for the full term of the award for each of the last best offers submitted by the parties and a full explanation of the basis for the decision (current law does not require the decision to include this information).

Thank you for your consideration.

Sincerely,

Bridget M. Burkhardt

Chair, South Burlington School Board

**South Burlington School District
Healthcare Costs FY2017-FY2022**

	FY2017	FY2018	FY2019	FY2020	FY2021 (P)	FY2022 (P)
Single Plan Premium	\$ 9,028	\$ 7,654	\$ 6,913	\$ 7,726	\$ 8,719	\$ 9,556
Family Plan Premium	\$ 23,792	\$ 20,593	\$ 19,150	\$ 21,402	\$ 24,152	\$ 26,470
Increase Over Prior Year Premium Rate		-13.4%	-7.0%	11.8%	12.9%	9.6%
Base HC Budget	\$ 5,833,507	\$ 5,807,143	\$ 5,131,353	\$ 5,864,704	\$ 6,707,303	\$ 7,416,116
Clawback		\$ 304,731	\$ 164,086			
Total HC Budget	\$ 5,833,507	\$ 6,111,874	\$ 5,295,439	\$ 5,864,704	\$ 6,707,303	\$ 7,416,116
Growth in HC Budget (%)	1.7%	4.8%	-13.4%	10.8%	14.4%	10.6%
Growth in HC Budget (\$)	\$ 99,620	\$ 278,367	\$ (816,435)	\$ 569,265	\$ 842,599	\$ 708,813
Total Expense Budget	\$ 46,973,703	\$ 49,268,888	\$ 49,686,166	\$ 51,746,533	\$ 52,532,248	\$ 55,623,080
Increase in Total Expense Budget	2.7%	4.9%	0.8%	4.1%	1.5%	5.9%
HC as a % of Total Expenses	12.4%	12.4%	10.7%	11.3%	12.8%	13.3%
Funding Absorbed by Higher HC Costs				\$ 349,675	\$ 753,550	\$ 314,176