

Otter Valley Unified Union School Board

February 2, 2021

Dear Legislators,

I write regarding the House Committee on General, Housing and Military Affairs decisions this week on bills proposing changes to the process for statewide collective bargaining for public school employees' health benefits. Please enter this letter into the written testimony of the Committee on General Housing and Military Affairs on H 81 and post on the Committee's website.

Rather than H. 81, The Otter Valley UU and RNESU boards support H.63 because it balances appropriate access to health care benefits and reasonable cost containment to ensure the financial sustainability of the benefits. Cost containment is needed in order to avoid further jeopardizing educational opportunities for students and maintenance of facilities.

Local examples of the importance of cost containment in health care include the following:

For FY22, Otter Valley School District has dedicated \$3,618,551 to healthcare expenses in our budget, representing 17.2% of our budget.

That percentage in FY21 is currently 16.3%.

FY20 was 15%. As you can see, that percentage increases annually.

Healthcare costs for us are up 8% for FY22, while the budget we have developed is up only 3%. Cost reductions in other areas have had to occur in order to level fund our budget while managing the healthcare increases. This is not sustainable without eventually impacting programming and positions.

The cost of healthcare as a percentage of the average cost of compensation of our employees is about 26%.

Please feel free to contact us with any questions you may have.

Sincerely,

Laurie Bertrand

Laurie Bertrand, Otter Valley UUSD Board Chair