

DANBY
DORSET
LANDGROVE
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MANCHESTER
MT. TABOR

BENNINGTON-RUTLAND SUPERVISORY UNION

6378 VT Route 7A
Sunderland, Vermont 05250-8427
Phone: 802-362-2452, Fax: 802-362-2455

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METTAWEE SCHOOL DISTRICT •• TACONIC AND GREEN REGIONAL SCHOOL DISTRICT •• WINHALL SCHOOL DISTRICT

February 23, 2021

Dear Legislators,

The Taconic and Green Regional School District (T&G) provides education for residents of nine Towns in southwestern Vermont. T&G is the largest operating district of the Bennington-Rutland Supervisory Union (BRSU), providing education for over 1,700 of the more than 2,200 students of the BRSU.

The T&G and BRSU would like to provide input to the Senate Committee on Education, and other interested members of the Vermont General Assembly, to inform deliberations on H.81 which is to be considered by the Senate, having been passed by the House on February 17, 2021.

H.81 proposes changes to the process for statewide collective bargaining for public school employees' health benefits. We request that this letter be entered into written testimony on H.81 and posted on the Committee's website.

We will elaborate below, but, in summary – our Districts strongly feel that, consistent with the intent stated in Act 11:

Healthcare Negotiations should be balanced by striving to achieve optimal medical benefits that meet the healthcare needs of our teachers and staff, while at the same time being cost effective and affordable by taxpayers.

The first round of state-wide healthcare negotiations made it clear that changes to the law are required if we hope to achieve a balance between optimal benefits and long-term sustainability.

Our Boards believe that H.81 as passed by the House lacks certain provisions important to move us closer to that goal. These are provisions to clarify the arbitration process, as proposed in H.63, which was considered alongside H.81 in the House Committee on General, Housing and Military Affairs, but not included in the House-passed version of H.81.

Act 11 of 2018 marked the beginning of a very major change in the process of negotiating teacher and staff contracts for our PK-12 public schools in Vermont. We have no doubt that the legislature worked hard to develop a fair and reasonable way to shift healthcare negotiations from the local level to the State level. However, with any such significant change it is reasonable to expect that there will be much to be learned once the change is implemented for the first time. Our Districts believe strongly that the first round of state-wide negotiations did indeed highlight elements of negotiation process that require change.

The key change, that we view as essential, is to provide greater clarity that, as with any negotiation process, there must be a degree of balance between the benefits being provided (i.e. – what we would ideally like to provide as benefits to our educators) and the cost of those benefits. This sort of balancing is familiar territory for our school boards – as we face that need every year when developing the next year's school budgets. People costs are by far our largest cost, and our people are our greatest resource. School boards fully recognize the importance of treating our people well financially (and otherwise) to help maintain a high quality and motivated staff. But, school boards also recognize the obligation to be efficient in our use of limited taxpayer dollars, and that property taxes are a consistent concern of most Vermonters. Close attention

must be paid to balancing costs and benefits, or over time the cost of operating our public schools threatens to become unsustainable.

The first round of state-wide healthcare negotiations resulted in a large increase in healthcare costs for our district – and the need to compensate in other areas of our latest budget. Healthcare costs have pressured district finances in many recent years. This year was another big hit. From FY2019 to our new budget for FY2022, health benefit costs have grown more than twice as fast as our overall budget (with a stable FTE headcount). And in these several years, health benefit costs have grown from 14.8% of total operating costs to 16.3%. Healthcare's growing burden on our budget is forcing us each year to focus on reducing expenditures elsewhere to compensate – often at the cost of programs for our students.

While we fully understand that healthcare costs are tough to tame, we feel that the new state-wide negotiation process had a flaw that added to the burden. Arbitration focused on benefits provided to our people, but largely ignored the cost side of the equation. We strongly believe that there needs to be a balanced approach – examining both the specific benefits provided to our staff and the cost to taxpayers. Otherwise, school boards will be unable to both balance budgets and work to provide a world-class public school education for our students.

In H.81's progress to date we have heard many discussions of this Bill being merely about making technical corrections. We feel strongly that the General Assembly should view this Bill as focused on correcting elements of the negotiation process that did not work well in the first round of negotiations. The current version of H.81 falls well short of truly clarifying the arbitration process – the results of which *both parties to negotiations* found lacking in the first round. Adding the language proposed in H.63 related to 16 VSA §2105 could provide that additional clarity for any future arbitration.

We would also like to note a change included in H.81 that concerns our Boards – the elimination of a key provision that was negotiated in Act 11. Current law calls upon all participating employees to shift to paying the same share of healthcare premiums. This equal premium sharing was agreed to offset a portion of increased costs - from an agreement to expand availability to all plan tiers (single, two-person, family) for all participating employees. That Act 11 bargain has been costly for school districts in the first new healthcare negotiations. Unwinding this previous agreement to equal premium shares in H.81 must be expected to lead to further cost pressures for school districts as well as a significant new administrative burden.

As you work on this legislation to address the lessons learned in the first round of state-wide healthcare negotiations, we request that you recognize and address the need for the negotiation process to fully address both the benefits to be provided and the cost of providing those benefits. This would be consistent with the intent stated in Act 11 of 2018, Section H.23:

“it is the intent of the General Assembly that the Commission on Public School Employee Health Benefits endeavor to transition school employees and school employers to more equitable health care coverage statewide in a manner that is fair and practicable for all parties involved.”

Thank you for allowing us to provide our input to your deliberations.

Herb Ogden, Chair, Taconic and Green Regional School District
Jim Salsgiver, Chair, Bennington-Rutland Supervisory Union
Randi Lowe, Superintendent, Bennington-Rutland Supervisory Union