



58 Founders Road  
Essex Junction, VT 05452  
www.ewsd.org  
p: (802) 878-8168/f: (802) 878-5190

March 9, 2021

Dear Chair Campion, Vice Chair Hooker, Senators Perchlik, Lyons, Chittenden and Terenzini:

We write to you today with regard to House Bill H81, and we ask that this letter be entered into the record as written testimony for your deliberations. As this bill addresses the next round of statewide negotiations for educators' healthcare benefits, there will be significant impacts on the education fund and taxpayers.

As you are aware, [H.81 as passed by the House](#) eliminates the requirement that premium responsibility percentages and out-of-pocket expenses for each plan tier must be the same for all participating employees. The [Joint Fiscal Office estimated the cost of only the premium responsibility change in this memo](#) (likely understated because it relies on 2019 data). In order to understand the full financial impacts of the changes proposed in H.81, the Committee should require a formal fiscal note based on the most recent data.

**The fiscal impacts of the above major change were not considered by the Senate last year and must be counterbalanced with language requiring statewide bargaining to balance appropriate access to health care benefits with reasonable cost containment to ensure the financial sustainability of the plan.**

You may recall that the policy position in the original healthcare statewide bargaining legislation that required certified teachers and support staff to move to the same premium share and the same out of pocket responsibilities was one of the major cost containment provisions in the legislation (and mirrors the plan that all Vermont state employees have available to them). Please know that there are some districts who have already reached that balance (either as it was in their plan before, or it was achieved through the statewide negotiated transition plan) and other districts who have been negotiating and considering those premium increases for support staff in their negotiations. We believe that if the policy is going to change to take away a major cost containment provision in the law then there should be some balance to the new policy that ensures cost is thoroughly analyzed and is a major factor considered for any arbitration. The first statewide healthcare settlement already increased the cost to local taxpayers by a tremendous amount. For perspective, **the cost impacts to Essex Westford School District (EWSD)** are as follows:

- Healthcare expenses in our budget: FY22 Proposed - \$11,559,185; FY21 Approved - \$10,553,795; FY20 Actual - \$8,888,732
- Percent of EWSD total budget represented by healthcare expenses: FY22 Proposed - 12.94%; FY21 Approved - 12.04%; FY20 Actual - 9.52%
- 60% of the change in our Net Educational Spending is due to increased healthcare expenses

- The cost of healthcare as a percentage of the EWSD average cost of compensation for teachers is 24.2% and for support staff is 52.3%.

To pass legislation that removes from the law one of the major cost reduction provisions without some stronger language about the arbitrator's need to balance cost, benefits, and sustainability is just not fair to the taxpayers of the state.

We strongly support the following proposed changes to the language of H81. Please amend Section 6 of H.81 by adding the following language to 16 V.S.A. Section 2015(b)(3)(B) (new language is in bold):

*In reaching a decision, the arbitrator or arbitrators shall **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. The arbitrator or arbitrators shall also give weight to the evidence, documents, written material and arguments presented, as well as the following factors:***

\* \* \*

*(vi) the actuarial value of the health benefits for the full term of the award proposed by each party as compared to health plans available through Vermont Health Connect; and  
(vii) the percentage increase or decrease in education spending that is likely to occur under either party's proposal for the full term of the award as compared to overall economic growth for the State of Vermont.*

Again, please enter this letter into the written testimony of the Senate Education Committee and post it on the Committee's website. Thank you for your consideration.

Sincerely,

*Kim Gleason and Martha Heath*

Co-Chairs, Essex Westford School District