



Addison Northwest

SCHOOL DISTRICT

ADDISON | FERRISBURGH | PANTON | VERGENNES | WALTHAM

March 4, 2021

Dear Legislators,

We understand that H.81, a bill addressing statewide bargaining for public school employees' health care benefits is being considered by the Senate. 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. 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.

We request this letter be submitted as testimony on H.81. We are writing to ask you to amend the language of this bill to balance appropriate access to health care benefits and reasonable cost containment to ensure the financial sustainability of the benefits. Cost containment is absolutely essential to avoid further jeopardizing educational opportunities for our students as we face the fiscal challenges associated with a sharp decline in enrollment over the next four years.

Our budgeted amounts and actual costs are listed below

| Fiscal Year | Total Budget | % Increase or decrease from prior year | Health Care Budget | % of Overall Budget |
|-------------|--------------|--|--------------------|---------------------|
| FY18 | \$21,116,289 | 1.68% | \$2,461,708 | 11.66% |
| FY19 | \$21,106,261 | -0.48% | \$2,107,590 | 9.99% |
| FY20 | \$22,139,341 | 1.04% | \$2,147,665 | 9.7% |
| FY21 | \$21,842,594 | -1.01% | \$2,480,615 | 11.36% |
| FY22 | \$21,604,213 | -1.09% | \$2,347,617 | 10.87% |

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 continuing to drastically impact programming and positions. Additionally, health insurance is projected to become nearly 50% of the overall compensation expenditure for an employee by 2026 at its current rate of increase (*cost of CDHP family plan compared to average teacher compensation for the district*).

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 and underlined):

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:

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(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.

Thank you for your consideration. Please feel free to contact us with any questions.

Sincerely,

Sheila Soule, Superintendent
Elizabeth Jennings, Director of Finance and Operations
John Stroup, ANWSD Board Chair