



To: Senate Education Committee
From: Neil Odell, President, Vermont School Boards Association
Re: H.81
Date: March 9, 2021

Thank you Chair Campion and committee members for this opportunity to testify. You've heard quite a bit from school boards today so before I leave you with some final thoughts I wanted to summarize the points that I hope you'll consider:

The Senate Education Committee should request a fiscal note that provides the estimated impact of removing the language that currently requires all school employees to have the same premium share **and** out-of-pocket cost share, which will be determined in the next round of bargaining. The fiscal note should use the most recent enrollment information. The fiscal memo provided to the House General, Housing and Military Affairs Committee used enrollment data from 2019 and did not speak at all to the impact on out-of-pocket cost. It would also be helpful for the fiscal note to include the current employer spend on health care as a reference point. There is updated enrollment data available now (which was not available when the fiscal memo was written) - a fiscal note based on the most recent data is needed to give the Committee a full picture of the impacts of H.81.

In regards to the language in H.81 we are asking that at a minimum you consider two additions to the current language of section 6 of H.81.

- 1) add language to 16 V.S.A. 2105(b)(3)(B) so that it reads (new language 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: "
- 2) Add two factors to the current list included in 16 V.S.A. Section 2105(b)(3)(B)(i)-(v)
 - 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.

In most communities throughout the state, school boards are responsible for one of the largest factors that influence the local tax rate - the school budget. Developing a school budget involves careful consideration of the costs necessary to provide each student with an education balanced with a community's ability to afford it. The costs associated with employee compensation and benefits account for 60% to 80% of most school budgets. This isn't a bad thing. Hiring and maintaining high quality educators is one of the single most important things a school board can do to ensure they are providing the best education they can for their students. But a dollar spent on compensation and benefits is a dollar that's not available for other things like educational programs, support services and building maintenance. While many school board members would love to operate in an environment where funding was plentiful we consistently hear the mantra here in VT that education spending is out of control. Vermont ranks the 5th highest in the country when it comes to education spending per pupil. It's been a talking point of Governor Scott since he first took office. It's been one of the main points in the Tax Commissioner's December 1st letter for the last several years and it's been a source of discussion in the legislature. For several school districts it's become more than just a discussion. Over the last year, 22 communities simply said "that's too expensive" and voted down their local school budgets.

This is one of the main reasons why your committee has [received over 15 letters](#) from school districts across this state, asking that their letters be posted as written testimony. We are all doing our best to provide a world class education for our kids at a reasonable cost to taxpayers so when we see a bill like H.81 being considered, that has a potential to add significant increases to our local budgets we feel that it's necessary to let you know about the potential impact so you can consider that in your deliberations. Many have characterized H.81 as a labor negotiations bill. While that's fine and largely accurate it also seemed to carry with it an implicit notion that it had nothing to do with cost or that cost was not an aspect of the bill that needed consideration. Many school board members, particularly those that have participated in local negotiations can tell you that 90% of negotiations is about cost. So when you tweak the parameters of what's allowed during negotiations you can significantly impact the cost of the final agreement. We know this to be true because that was the outcome of the first round of statewide bargaining.

Previous discussion of this bill in the House discounted the notion that H.81 (and in turn Act 11) had anything to do with cost containment. That seems counter to the language included in Act 11 that states the intent of the law was to "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". Many school board members also find this point of view confusing based on their experience in 2017 when the legislature authorized a clawback of district spending based on the assumed savings of moving to an 80/20 healthcare premium statewide.

I know that you're hearing from a lot of teachers and support staff on this bill. There are a lot of teachers and support staff in this state - many more than school board members. So while it

may appear that our voices are outnumbered on this issue, as elected public officials our voices represent our entire community. I hope that you can understand that school board members are worried about their schools and their communities. Collectively we are trying to do our best to prudently use taxpayer dollars and the money in the Education Fund. In order to do that we're not asking for sweeping change to healthcare. We're just asking for some guardrails on the process that could help us ensure that affordable, high quality healthcare continues to be an option for schools and school employees for years to come.

Thanks for this opportunity and I'm happy to answer any questions you may have.