

Senate Education Committee Re H81
February 26, 2021

Thank you, Mr. Chair.

For the record, I am Rep. Tommy Walz from Barre City here today on behalf of the House General, Housing and Military Affairs Committee to give you a high-level view of H.81.

It amends Act 11 of 2018 Special Session which created a ten-member commission to negotiate school employees' health care benefits on a statewide basis. That commission was formed, negotiations were held, and there is now a statewide agreement in effect. The next round begins April 1 of this year.

I have participated in school negotiations myself four times, twice as a union rep and twice as a school board member. I have a deep appreciation for the process and know it should always aim to have fair and equitable results.

H.81 is a collective bargaining bill and does not address the rising costs of health insurance. That is a separate issue.

After the first experience under Act 11, both the employers and employees agreed some changes were necessary. Some of you might remember last biennium's S.226, which passed this body with strong support. In the House, it was superseded by the COVID measures we took last year.

H.81 as introduced is S.226. Our committee took extensive testimony from both sides. We have many instances of amendment, some of them significant changes. Legislative Counsel will walk you through them all.

Let me highlight two of those significant changes.

The first is the inclusion of the Vermont Labor Relations Board as a potential arbitrator. Act 11 allowed only one arbitrator. We have amended it to

allow more flexibility: the sides may choose one arbitrator, a panel of three arbitrators or the VLRB.

The other significant change our committee made was to protect the lowest-paid employees. For bargaining purposes, school employees are divided into two groups: licensed and unlicensed. On average, unlicensed employees earn roughly less than half, about 40%, of what licensed employees earn. It's a huge wage gap.

Licensed employees typically pay 20% of the premium, while unlicensed employees traditionally have paid 15% to 16%, recognizing that they have less income. There has also traditionally a gap in out-of-pocket expenses for each group, with unlicensed employees on the hook for a lower amount.

Act 11 stipulated that all employees would have to pay the same premium share and out-of-pocket expenses. Our committee found that idea contrary to past practice and patently unfair. If enacted, unlicensed employees would have faced a triple whammy: 1) higher premium share, 2) greater out-of-pocket expenses, and 3) higher premiums.

The mandate is pitched to you as a cost-cutting measure. That does not make sense to me for a couple of reasons.

The first is that neither the school employers nor the employees control the constantly rising premiums. The average VEHI plan will cost 11.58% more in FY22. One plan is going up more than 18%. If you want to control the cost of health insurance, those double-digit increases need to be addressed.

Second is a matter of practical logic. If the General Assembly decided we needed more revenue from the income tax, we would not do it by imposing a surcharge on all incomes under \$25,000. It makes no sense to get that extra

revenue from those least able to afford it. That is in effect what the Act 11 mandate would do.

Act 11 was a radical idea that largely worked. Both sides felt it was flawed, and the details in H.81 address those flaws. In our minds the biggest flaw was treating licensed and unlicensed school employees as if they were on equal financial footing. That is why instead of mandating equal premium share and out-of-pocket expenses for all, we leave those decisions to the negotiating process, where they have always been in the past.

It passed out of our committee on a 10-1-0 tripartisan vote and passed the House 96-36.

We believe H.81 enhances Act 11 by adding clarity and flexibility. We have also chosen to trust the negotiation process rather than mandating that both classes of school employees pay the same. We further think that measure has the added benefit of protecting the lowest paid employees from significant financial harm.

Thank you for your consideration.