

TO: Senate Committee on Education  
FROM: Jeff Fannon, Vermont-NEA Executive Director  
DATE: May 6, 2025  
RE: H.480 – Miscellaneous Education Bill and Statewide Health Care Bargaining

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Thank you for the opportunity to testify on the miscellaneous education bill and the proposed changes to how educators and school boards bargain for health care benefits.

At this time, we do not support changes to how teachers and school boards bargain for health care benefits.

As the voice of the public education system's essential workforce, we believe this broader moment calls on lawmakers to prioritize stability for educators' employment conditions and that introducing the unrest proposed here today takes us all in the wrong direction.

Before commenting on the reasons we oppose the proposal, please allow me to first set the broader atmosphere in which you are being asked to introduce even more unrest into an already struggling workforce.

Vermont's education system is in a tumultuous moment facing unprecedented challenges, including growing negative impacts from the Trump Administration and pressure from the Statehouse to significantly change funding and school governance.

From Washington, Vermont's education system faces significant uncertainty due to recent changes at the federal level at the U.S. Department of Education, including major staffing cuts and program eliminations that are disrupting funding streams and support services previously relied upon by schools. The abrupt termination of pandemic-era federal education grants has caused an absolute shock to Vermont school districts, with at least \$10 million in pending funding suddenly frozen, forcing the cancellation of summer programs and literacy initiatives.

Here in Vermont, H.454 will bring sweeping changes to school governance and finance systems, creating uncertainty throughout the educational landscape. This bill represents just one aspect of a complex reform environment that's already placing significant strain on school systems and educators alike.

Against this backdrop of major structural reforms, teachers are also navigating the implementation of new education quality standards, addressing pandemic-related learning gaps, and managing increasing special education needs.

My main message here is that messaging to teachers, and college students aspiring to pick a career, that health care benefits are now also on the chopping block is a bad idea.

Given these multiple, simultaneous pressures on Vermont's education system, introducing additional uncertainty by reopening teacher health care negotiations would be counterproductive.

The Commission on Public School Employee Health Benefits, established by Act 11 in 2018, has already created a functional framework for negotiating healthcare benefits on a statewide basis. I will now recount the history that led us to the current bargaining law and suggest that reopening this law is not necessary because it is already fair, balanced, and working.

That said, for those who are new to the legislature or to the Education Committee, here is a brief summary of how we got where we are today.

In 2017 there was a move by the Administration and the Vermont School Board Association (VSBA), the Vermont Superintendents Association (VSA), and the Vermont Principals' Association (VPA)(hereinafter the management associations) to restructure how teachers negotiated for health benefits. They wanted to move away from local-level negotiations between teachers and their school boards to a statewide system. This shift was seen by Administration as a cost-saving measure but was viewed by educators as an attempt to undermine collective bargaining by fundamentally altering the negotiation process for teacher benefits by separating health care bargaining from other contract elements like wages.

After the contentious fight, a year later the legislation passed, Act 11 of 2018, which created a statewide Commission on Public School Employee Health Benefits with equal representation from school boards and educator groups. This independent commission was established to "determine the amounts of the premiums and out-of-pocket expenses for school employee health benefits that shall be borne by school employers and by participating employees." The Commission was charged with negotiating healthcare benefits for all school employees in Vermont, creating a statewide structure instead of district-by-district negotiations. *See* 16 VSA §§ 2101-2108.

The parties have bargained three times since the passage of the law, although the parties agreed to “rollover” the terms of the second arrangement so the parties could work collaboratively on reducing the cost of health care for both sides.

Currently, school boards pay 80% of the cost of health care premiums and educators pay 20% of the premium. This contract expires January 1, 2028. That 20% premium payment amounts to \$52 million paid by school employees, most of whom are women (75% of teachers and 80% of support staff are women), and that premium amount is an ever-increasing annual amount affecting the lowest paid employees. There are 34,000 covered lives under this statewide health insurance arrangement, which includes educators and their dependents.

Notwithstanding the parties' rollover agreement to try and address the costs to both sides, only Vermont-NEA has advocated for policy changes that would actually lower the cost of health care for both sides. For example, we have supported S.126, which would require hospitals to charge no more than a referenced based price (RBP), such as a percentage of Medicare, as is done in 7 other states. Brown University estimates RBP would save \$50 million dollars for the Vermont education system. Last year, the Senate charted a course to lower the cost of prescription drugs by passing a law that Vermont-NEA championed to establish a Prescription Drug Affordability Board (PDAB) that will lower the costs of prescription drugs, which, along with hospital costs, is a significant driver of the increases in health insurance.

The parties agreed to a rollover of the terms of the second health care details because they know the system is broken. A new bipartisan group, co-chaired by Governor Jim Douglas and Lisa Ventriss called Vermont Healthcare 911, identified hospital costs as the number one driver of the cost of health care in Vermont. Additionally, data from the Kaiser Family Foundation said health insurance premiums for all families in Vermont went up 92% since 2018. It is no surprise then that Vermont's health care costs are the most expensive in the country. How school boards and educators bargain for health care and which side pays what is not the issue; the underlying health care system is broken not the bargaining process.

As legislative counsel pointed out to this committee on April 17<sup>th</sup>, the arbitration process is intended to move the two parties closer together and the last best offer (LBO) process is intended to get the parties as close as possible to the neutral fact finder's report. LBO also discourages the parties from putting extreme "poison pills" in their proposals that would turn off the arbitrators. Instead, VSBA seeks to allow the final decision maker to "mix and match" the parties' LBOs, which could result in incoherent health care arrangements for both school boards and employees that neither side contemplated.

Additionally, VSBA is now advocating to change the bargaining process to add additional factors for the final decision maker(s) to consider. These changes are unnecessary as current law covers what VSBA suggests it needs to be successful at the final stage of the process.

The VLRB, arbitrator, or arbitrators shall hold a hearing . . . at which the [parties] shall submit all relevant evidence, documents, and written material, including a cost estimate for the term of the proposal with a breakdown of costs borne by employers and costs borne by employees, and [party] may submit oral or written testimony in support of his or her position on any undecided issue that is subject to arbitration.  
16 VSA § 2105(b)(3)(A).

If VSBA believes it has a compelling argument or relevant data, it can and should introduce that evidence at the hearing instead of asking the decision-maker to be forced to review only self-serving arguments that favor one side over the other. Current law satisfies what VSBA is asking but amending the law, as VSBA suggests, will cause the process to be biased.

Moreover, the "VLRB, arbitrator, or arbitrators shall give weight to the evidence, documents, written material, and arguments presented . . ." 16 VSA § 2105(b)(3)(B). In other words, the VSBA can submit any arguments it wants and doesn't need to "fix" a law when that isn't what is broken. This is but a twice-used bargaining law that is not what is costing so much. Unlike the general educator bargaining law that was passed into law in 1968, which doesn't get re-written when one side or another loses at the bargaining table, this new health care bargaining law should be allowed to mature without constant corrections.

VSBA seeks to add two factors the arbitrator(s) must consider: 1) the value of the health benefits as compared to health plans available through Vermont Health Connect; and 2) the percentage increase or decrease in education spending that is likely to occur as compared to overall economic growth for the State of Vermont. Current law, however, already requires the arbitrator(s) to consider similar information:

- (ii) the financial ability of the Education Fund and school districts across the State to pay for the costs of health care benefits and coverage;
- (iii) comparisons of the health care benefits of school employees with the health care benefits of similar employees in the public and private sectors in Vermont;
- (iv) the average consumer prices for goods and services commonly known as the cost of living.

16 VSA § 2105(b)(3)(B)

The proposed two additional factors are redundant information the arbitrator(s) already must consider, because VSBA, under existing law, is obligated to submit that information to the arbitrator(s) who, also under current law, “shall” consider that properly submitted information. Such a change, as requested, is superfluous.

Make no mistake, every time the cost of healthcare goes up, school employees pay more too. Again, that has nothing to do with how the bargaining process works and no matter how one stacks the bargaining deck in their favor

Finally, this committee just last week moved on Governor Scott’s education proposal that included suggesting the state pay teachers 10% more. We believe that type of a message is the right one to send to the teacher workforce right now, not that lawmakers are working to inject more unrest into their healthcare bargaining rights.

Thank you and I’m happy to answer any questions.