


VERMONT



SCHOOL BOARDS ASSOCIATION

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Great Governance, Excellent Education, Strong Communities

TO: Senate Education Committee

FROM: Sue Ceglowski, Executive Director and General Counsel, VSBA

RE: Public School Employees' Health Benefits

DATE: April 11, 2025

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My name is Sue Ceglowski; I'm the Executive Director and General Counsel for the Vermont School Boards Association (VSBA). I appreciate the opportunity to testify today on possible changes to the statewide bargaining process for school employees' health benefits - a major cost driver in school district budgets.

At the outset, I want to emphasize that school boards want to provide school employees with high quality, affordable health benefits. Currently, those benefits are consuming a larger and larger portion of Vermont school budgets. To deal with this issue, school boards must hold the line on the remaining parts of the budget. Healthcare is squeezing out other education initiatives.

To address this cost drive challenge and do something that would curb rising costs that squeeze programming dollars for students, we urge this committee to revise the statute on the statewide bargaining process for school employees' healthcare. Timing is crucial and acting this session matters. The process is set to begin again next spring to bargain for healthcare benefits that begin on January 1, 2028. 16 V.S.A. Section 2104(c) requires that the term of each negotiated agreement shall not be less than two years. Therefore, at the very least, the next round of bargaining will commit the state to terms that will be in effect through January 1, 2030. If legislators want to have an impact on that process, now is the time to act.

The statewide bargaining process, as currently structured, has not been successful in slowing the rate of growth of the cost of school employees' health benefits. Through the current bargaining process and two times in arbitration, school employees pay zero dollars in deductibles due to the collectively bargained Health Reimbursement Arrangement (HRA) that sits on top of the VEHI plans. This construct raises the price of the plans.

Statewide Bargaining Process Set Forth in 16 V.S.A. Sections 2101-2108

Creation of Commission on Public School Employee Health Benefits

Prior to 2018, the health benefits of public school employees were negotiated at the local level. In 2018, the Legislature passed language in the budget bill (Act 11 of 2018) requiring negotiations to occur at the state level by the newly created Commission on Public School Employee Health Benefits (Commission).¹ The job of this independent Commission is 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.

Composition of Commission on Public School Employee Health Benefits

The Commission has ten members - five members represent school employers and five represent school employees. Additionally, each side has two alternate members on the Commission. As the organization representing the majority of public school board members in the state, the VSBA appoints the five Commission members and the two alternate members representing school employers (referred to as the “Employer Commissioners”).

Duties of Commission on Public School Employee Health Benefits

The duties of the Commission include: determining the percentage of the premium for individual, two-person, parent-child, and family coverage under a health benefit plan that shall be borne by each school employer and the percentage that shall be borne by participating employees. Each school employer is responsible for paying, on behalf of its participating employees, the applicable percentages of premium costs as determined by the Commission.

The Commission must also determine the amount of participating employees’ out-of-pocket expenses for which the school employer and the participating employees will be responsible and whether school employers must establish for their participating employees a health reimbursement arrangement (HRA), a health savings account (HSA), both, or neither.

In addition, the Commission must determine the extent to which the employer or employee shall bear first-dollar responsibility for out-of-pocket expenses if using an HRA and whether a balance in a participating employee’s HRA shall roll over from year to year.

Negotiations of Commission on Public School Employee Health Benefits

On or before October 1 of the year prior to commencement of bargaining, the Commission must request from the parties any data and information that it anticipates needing for the negotiation in a common format. In past rounds of bargaining, the VSBA and Vermont-NEA jointly requested data from all of the school districts in the state in a common format. Both sides utilize their own data analysts for negotiations once the data collection is complete.

16 V.S.A. Section 2104 requires the Commission to commence negotiations no later than April 1 of the year before the existing agreement is set to expire. In the current cycle, the Commission will begin the next round of negotiations no later than April of 2026.

¹ Act 85 of 2017 created the Vermont Educational Health Benefits Commission to determine whether and how to establish a single statewide health benefit plan for all teachers, administrators, and other employees of supervisory unions and school districts. VSBA was a member of the Commission. The Commission recommended moving forward with a statewide benefit, to be negotiated by representatives of the parties. The Commission also identified a range of issues that any piece of legislation on statewide bargaining should address.

Dispute Resolution

The Commission must meet with its selected fact-finder no later than August 15 if the Commission is unable to reach an agreement by August 1. Since its creation, the Commission has utilized a fact-finder because it has never reached an agreement by August 1.

The fact-finder must attempt to mediate the matters in dispute before issuing a decision. The law provides that if the mediation fails to produce an agreement, the fact-finder must submit a written report to the Commission by September 15, recommending a reasonable basis for the settlement of the matters remaining in dispute. Mediation has failed to produce an agreement in the past two rounds of bargaining and the fact finder issued a written report in both rounds.

Last Best Offer Arbitration

If the Commission is unable to resolve all matters remaining in dispute within 30 days after receiving the fact finder's report, the Commission must submit the matters remaining in dispute to the Vermont Labor Relations Board, an arbitrator or a panel of arbitrators.

The Employer Commissioners and the Employee Commissioners do this by submitting their last best offers prior to the VLRB or arbitration hearing which must be held on or before November 15. The Commission has never resolved all matters remaining in dispute after receiving the fact finder's report. In both previous rounds of bargaining, the parties have submitted last best offers prior to an arbitration hearing (in the first round to a single arbitrator and in the second round to an arbitration panel) and the arbitration hearing was held in a timely manner.

The VLRB, arbitrator or arbitration panel must issue a written decision within 30 days after the hearing, providing a full explanation of the basis for the decision. Weight must be given to the evidence, documents, written material and arguments presented as well as the following factors:

1. The interests and welfare of the public
2. The financial ability of the Education Fund and school districts across the state to pay for the costs of health care benefits and coverage
3. Comparisons of health care benefits of school employees with the health care benefits of similar employees in the public and private sectors in Vermont
4. The average consumer prices for goods and services commonly known as the cost of living and
5. Prior and existing health care benefits and coverage for school employees

16 V.S.A. Section 2105 requires the VLRB, arbitrator or arbitration panel to select one of the last best offers without amendment. In the first round of bargaining, the arbitrator selected the Employee Commissioners' last best offer. In the second round of bargaining, the arbitration panel again selected the Employee Commissioners' last best offer.

Proposal for Changes to the Statewide Bargaining Process

Cost containment (bending the curve of future increases in cost) is needed to avoid further jeopardizing educational opportunities for students and maintenance of facilities. There is a range of options for amending the statewide bargaining law and we are asking for these commonsense changes given where we are in the legislative session.

1. *Add Two Factors to the Above List of Factors the Arbitrator(s) Must Consider*

- a. The value of the health benefits as compared to health plans available through Vermont Health Connect; and
 - b. The Percentage increase or decrease in education spending that is likely to occur as compared to overall economic growth for the State of Vermont.
2. *Allow the Arbitrator(s) to create an award based on mixing and matching the two proposals presented.*

Other changes you could consider:

3. *Require a single statewide administrator for Health Reimbursement Arrangements.*
4. *Change the composition of the Commission on Public School Employees' Health Benefits to include neutral member(s).*
5. *Cap the value of health benefits that will be provided (could be phased in).*

Thank you for listening to our ideas for changing the statewide bargaining process. We hope you'll give them serious consideration.