

Dear Chair Stevens, Vice Chair Troiano, Ranking Member Murphy, and all other Members of the Committee on General, Housing and Military Affairs,

We write to you today with regard to House Bills H63 and H81, and we ask that this letter be entered into the record as written testimony for your deliberations. As these bills address the next round of statewide negotiations for educators' healthcare benefits, there will be significant impacts on the education fund and taxpayers.

In practice, we have seen issues arise from the arbitrated decision of the previous round of bargaining. There are a number of important proposals in H.63 that address issues with the negotiating process that H.81 does not address. We would like to call your attention to areas for improvement that are provided for within H.63, including:

1. In the event that negotiations must proceed to arbitration, the two sides must agree on an arbitration panel, rather than a single arbitrator. This panel, consisting of three members (one selected by the employees, one by the employers, and a third, neutral panelist designated by the Chair of the Vermont Labor Relations Board) will provide a more nuanced consideration of the final offers. Also, considering the very unique way in which Vermont's education fund is managed, each of these arbitrators should be from Vermont, or very familiar with Vermont's education funding system and, thus, the far-reaching impacts of their decision. (Section 5.a.3.B.ii.I)
2. Both sides must provide the arbitration panel with a full cost analysis of the impact of their proposal. Recognition of the impact of the requests should be centered in the arbitration panel's determination, and provide a clear assessment of the **affordability question for both parties**. (Section 6.b.3.A and 6.b.3.B).
3. The arbitration panel also should include these full cost estimates in their written decision with their explanation of the basis for their decision. (Section 6.b.4)
4. Finally, H.63 also addresses a **loophole in cash-in-lieu payments**, noting that they should not be received from one school district while the employee is receiving health insurance through a significant other in the employ of another school district. As we all pay into the same education fund, there is no reason that this type of "double-dipping" should be allowed. (Section 4.b.3.f.) ***Essex Westford School District (EWSD) has not allowed that two people married/partnered, both working within our system, would be allowed to take both a health insurance plan and cash in lieu from our system. The fact that public school teachers statewide are all participating in the same plan demands that the system not pay twice for an employee's health coverage (whether through the plan coverage or the cash in lieu).***

In the attached document, we provide an overview of the EWSD healthcare funding over the past three years. These numbers clearly demonstrate an increase in healthcare spending, beyond the increase in premium costs. Our 12.94% increase in healthcare costs reflects the cost of the plan changes, and is most impacted by the "first dollar" costs to the district for employees' HRAs. We are happy to provide any additional information or insight to support your deliberations. Thank you for your consideration.

Sincerely,
Kim Gleason and Martha Heath
Co-Chairs, Essex Westford School District

1. How many dollars are dedicated to healthcare expenses in your budget?
FY22 Proposed = \$11,559,185
FY21 Approved = \$10,553,795
FY20 Actual = \$8,888,732
2. What percent of your total budget is represented by healthcare expenses? How does this compare to the prior three years?
FY22 Proposed = 12.94%
FY21 Approved = 12.04%
FY20 Actual = 9.52%
3. What percentage of the increase you are presenting to voters is attributable to increased healthcare expenses?
60% of the change in our Net Educational Spending is due to increased healthcare expenses.
4. What is the cost of healthcare as a percentage of the average cost of compensation of (a) teachers and (b) support staff?
The benefit cost equates to 52.3% of salaries for those support staff participating, and 24.2% of costs for teachers participating. These numbers only include folks participating in insurance.
5. Have you had to reduce your budget proposal in other areas resulting in increased operational risk (for example deferred maintenance) or reduced programming as a result of these increased healthcare expenses? Please specify areas and amounts.
We don't necessarily identify which specific account is causing us to defer maintenance - it's the overall budget increase.
6. Does your proposed budget anticipate a reduction in force? If so, please include information related to the RIF related to health care expenses.
None.