



School Administrative Unit 70

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Jay Badams, ED.D., *Superintendent*
Robin Steiner, *Assistant Superintendent*
Jamie Teague, *Business Administrator*
Rhett Darak, *Director of Student Services*
Josh Mulloy, *Director of Educational Technology*

March 8, 2021

Dear Chair Campion, Vice Chair Hooker, and all other Members of the Senate Education Committee,

I wrote previously to members of the House Committee on General, Housing and Military Affairs to express preference for House Bill 63 over House Bill 81 (please see the attached letter). Despite this preference, it is H.81 that is before your committee this week and I write another request as this bill will significantly impact the education fund and each town's citizens' ability to pay.

H.81, as passed by the House, eliminates the requirement that premium responsibility percentages and out-of-pocket expenses for each plan tier must be the same for all participating employees. The Joint Fiscal Office estimated the cost of only the premium responsibility change in this memo (likely understated because it relies on 2019 data). In order to understand the full financial impacts of the changes proposed in H.81, the Committee should require a formal fiscal note based on the most recent data.

The fiscal impacts of the above major change were not considered by the Senate last year and should be counterbalanced with language requiring statewide bargaining to balance appropriate access to health care benefits with reasonable cost containment to ensure the financial sustainability of the plan.

Please amend Section 6 of H.81 by adding the following language to 16 V.S.A. Section 2015(b)(3)(B) (new language is 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:*

* * *

*(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 the attached document, we provide an overview of the Norwich School District's healthcare funding over the past three years as exemplary of the effect of the last round of negotiations. When you take into consideration that our number of enrollee plans have been declining, the numbers clearly demonstrate an upward trend, one that we fear is not sustainable, in Norwich, or statewide.

Please enter this letter into the written testimony of the Senate Education Committee for H.81 and post it on the Committee's website.

Thank you for your consideration.

A handwritten signature in black ink that reads "Thomas K. Candon".

Thomas Candon
Norwich School Board, Chair



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February 2, 2021

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

I write to you today with regard to House Bills 63 and 81 that are before your committee. As these bills address the next round of statewide negotiations for educators' healthcare options, there obviously will be significant impacts on the education fund and each town's citizens' ability to pay.

There are a number of common-sense proposals in H.63 that address issues with the negotiating process that became evident during the first round of deliberations. H.81 does not address these issues. I would like to call out a few of these areas of improvement that H.63 would provide, 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, obviously be a central tenet of 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). 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)
3. 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.)

In the attached document, we provide an overview of the Norwich School District's healthcare funding over the past three years as exemplary of the effect of the last round of negotiations. When you take into consideration that our number of enrollee plans have been declining, the numbers clearly demonstrate an upward trend, one that we fear is not sustainable, in Norwich, or statewide.

Thank you for your consideration.

Thomas Candon
Norwich School Board, Chair

1. How many dollars are dedicated to healthcare expenses in your budget?

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Health Care Costs-				
Actual	\$ 437,963	\$ 453,492		
Budgeted	\$ 474,894	\$ 557,483	\$ 549,131	\$ 538,149
HRA Costs -				
Actual	\$ 115,285	\$ 82,906	\$20,439 so far	
Costs Budgeted	\$ 88,140	\$ 70,000	\$ 90,000	\$ 90,000
# of Total Health Plans	44	42	38	39

2. What percent of your total budget is represented by healthcare expenses? How does this compare to the prior three years?

Total MCS Direct Budget	\$ 5,776,234	\$ 5,867,145	\$ 6,218,308	\$ 6,208,543
Health Care Premium Costs as Percent of Total MCS Budgeted Amounts	8.22%	9.50%	8.83%	8.67%
Health Care Premium & HRA Costs as Percent of Total MCS Budget Amounts	9.75%	10.69%	10.28%	10.12%

3. What percentage of the increase you are presenting to voters is attributable to increased healthcare expenses? Our budget isn't increasing due to decreases in personnel and cuts in other discretionary expenditures lines.
4. What is the cost of healthcare as a percentage of average cost of compensation of (a) teachers and (b) support staff? (a) 13.42% and (b) 33.4%
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. There aren't large specific areas, but there are always competing expenditures where tough decisions must be made and can often result in larger projects (textbook/program set replacements, building updates, technology updates, etc) being delayed.
6. Does your proposed budget anticipate a reduction in force? If so, please include information related to the RIF related to health care expenses. Yes, we are not backfilling 3 FTEs total in our proposed 2021-22 budget; related health care expenditure savings would be approximately \$43,074