

Dear Senators,

Fiscal impacts were not considered in the development of H.81 last year, despite ongoing criticism of school budget increases. We, in alignment with Vermont School Board Association, ask that the Senate now consider adding the following language from H. 63, which amends Section 6 of H. 81:

(1) 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.

(2) Adding to the factors the arbitrator or arbitrators must consider:

(a) 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

(b) 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.

These additions are important because they balance appropriate access to health care benefits and reasonable cost containment to ensure the financial sustainability of the benefits. Cost containment is needed in order to avoid further jeopardizing educational opportunities for students and maintenance of facilities.

Local examples of the importance of cost containment in health care include the following:

For FY22, Barstow School District has dedicated \$625,489 to healthcare expenses in our budget, representing 11.9% of our budget. That percentage in FY21 is currently 11.5 %. FY20 was 9.4%. As you can see, that percentage increases annually.

Healthcare costs for us are up 8.7% for FY22, while the budget we have developed is up only 4.9%. Cost reductions in other areas have had to occur in order to level fund our budget while managing the healthcare increases. This is not sustainable without eventually impacting programming and positions. The cost of healthcare as a percentage of the average cost of compensation of our employees is 40%.

Please enter this letter into the written testimony of the Senate Education Committee and post on the Committee's website. Attached is my signed letter, and feel free to contact us with any questions you may have.

Sincerely,

Laurie Bertrand, CPA

Otter Valley Union Unified School Board Chair

Rutland NorthEast Supervisory Union School Board Chair