

## MEMORANDUM

TO: Senate Committee on Education  
FROM: Jeff Fannon, Vermont-NEA Executive Director   
DATE: January 24, 2020  
RE: S.226

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Thank you for taking testimony on Senator Perchlik's bill, S.226, and thank you for giving me the opportunity to speak with you and answer any questions you might have about the bill. For the record, I am Jeff Fannon, the executive director of Vermont-NEA. Vermont-NEA represents approximately 13,000 teachers and educational support staff professionals or "ESP" who work primarily in Vermont's public pre-k to 12 schools.

It is no secret that health care has been a struggle for Vermont and America for many many years. Perhaps as a way to respond to this national crisis, statewide bargaining over educator's health care came to the fore in the spring of 2017 when Governor Scott proposed bargaining over educator health care at the state level not at the school district level. Vermont-NEA was not then interested in statewide bargaining for educators primarily for two reasons. First, collective bargaining occurs between a group of employees and their employer, and the state does not employ Vermont's public school employees. Second, Governor Scott's proposal mandated all employees would be covered and certain premium and out-of-pocket expenses would be paid by employees, i.e., the proposal dictated to school employees, before bargaining began, what the terms of the agreement would be.

During the second year of the biennium, during the Special Session, the Legislature passed what became Act 11. Act 11 required statewide bargaining over educators' health care but it did not dictate the terms of the agreement. The law created the Commission on Public School Employee Health Benefits, which consists of an equal number of representatives from school employees and school boards, i.e., labor and management were equally represented, and they were tasked with bargaining an agreement for health care for all public school educators in the state. And, if the parties couldn't reach agreement, then the law required a jointly selected arbitrator to choose one parties' last offer in its entirety.

The parties failed to reach an agreement last year and the arbitrator selected the school employees' last offer. Health care no longer may be bargained at the local level and the arbitrator's decision is binding on all school employees and their school board employers.

The school employees' offer was selected so you may ask, why is Vermont-NEA here supporting any amendments to Act 11.

While it is true the arbitrator selected the employees' offer, what is also true is that many educators will experience the decision as a financial hit to their purse. Health care costs are on the rise every year and this year is no different. Indeed, the VEHI rates are going up 12.9% next year and that alone would be significant, but the arbitrator's decision will require educators, all over the state, to pay more. Not all educators will pay more but many will.

The bill before you would address the disparity in an educator's ability to pay for health care. Section 2 of the bill would allow, but not require, the parties to offer an income sensitivity model for both premium payments and out-of-pocket expenses ("OOPs"). Act 11 permits different premiums and OOPs for teachers and support staff employees but only for the first agreement. Thereafter, Act 11 requires all future health care agreements to have identical premium splits and OOPs for teachers and support staff without regard for an educator's ability to pay. By way of an example, a custodian making \$20,000 will pay the same as a superintendent making \$150,000, which we think is not fair. Section 2, however, merely allows the parties to make a proposal and an agreement that allows for income sensitized premiums splits and OOPs. It does not require anything of either party or the arbitrator.

Section 4 of the bill would allow the arbitrator to fashion a remedy and not force the arbitrator to select one party's last best offer in its entirety. Instead, the bill would allow the arbitrator to select the fact-finder's recommendation, or select, issue by issue, the last best offer of either side. Permitting the arbitrator to fashion a remedy would only be permissible if the arbitrator believes the parties' last best offers are "unreasonable and likely to produce undesirable results or to have a long-lasting negative impact on the parties' collective bargaining relationship." Vermont-NEA sought this change last year before the parties bargained under Act 11 because we believe the arbitrator, with the "unreasonable" and "undesirable" guardrails, should have this necessary authority.

With regard to section 1 of the bill, some of the employee Commission members struggled to get release time in order to attend bargaining sessions, and this change would alleviate the need for Commission members to seek the approval of a superior. It would, however, still require the employee commissioner to inform their employer of the bargaining meeting.

Finally, sections 3 and 5 address the issue of data collection. Collecting data from school districts was difficult and inconsistent. Section 3 requires the Commission to establish the data it needs to bargain health care benefits for the all educators. Related, section 5 requires school districts to provide the Commission with information the Commission outlined and agreed to on or before November 1 of the year before bargaining begins. Data is a critical piece of any bargaining, and that is especially important when bargaining for the statewide health care benefits for all school employees. Sections 3 and 5 allow all Commission members to obtain the data necessary to fairly represent employees and school districts.

I would be remiss if I didn't mention and address the overall problems with the health care system at large. While we bargained with the school board commissioners for educator health care statewide, this is not health care reform. Real reform means that we need Vermont-NEA and VSBA, and many others, working to address the inequities in our health care system. Vermont-NEA has attempted for more than two decades to fix the system, but we need new partners and allies, and this statewide health care bargaining dramatically made clear to us that the system is in need of real reform.

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