

Facts About Statewide Health Benefit Proposal Would Save up to \$26 Million

Throughout the legislative session, Governor Phil Scott has repeatedly pointed to opportunities to save money in the Education Fund through the Vermont Education Health Initiative (VEHI). New VEHI health plans for school employees will cost substantially less than the old plans. The Governor has developed a policy proposal – through collaboration with the Vermont School Boards Association (VSBA) and the Vermont Superintendents Association (VSA) – that ensures **up to \$26 million in annual savings** from these plans are returned to taxpayers or invested in other education priority areas **and** that **teachers will not pay more** for healthcare premiums.

The proposal would create a statewide school employee health benefit where the State would be the bargainer with the school employees' unions. Local school boards would still bargain with school employees over all other compensation and benefits. Healthcare benefits would be bargained one time, instead of more than 60 times.

THE ADVANTAGES

1) It's a **BIG Win for Taxpayers:**

- This plan could capture up to **\$26 million** in annual savings, without requiring school employees to pay more. These savings can be redirected into investments in early care and learning, higher education, reducing property tax rates, fortifying the Teachers Retirement Health Insurance Program, and other priorities.

2) It's a **BIG Win for School Boards:**

- This proposal simplifies the bargaining process with school employees, freeing up time and energy previously spent on bargaining health care benefits for school board members to further focus on other priorities, like after school opportunities, curriculum, innovation, and more;
- School boards will continue to bargain other benefits like salary, number of sick days, etc.; and
- It ensures parity in health care costs for school districts across Vermont.

3) It's a **BIG Win for School Employees:**

- Employees will be held harmless and will not pay more for healthcare premiums;
- It also maintains collective bargaining rights (although it does change the dynamic) and school employees' right to strike locally, AND creates a new statewide strike option that doesn't currently exist; and
- Most importantly, it achieves much-needed cost containment in the K-12 education system to support investment in areas that benefit K-12, like early care and learning.

WHY WE MUST ACT NOW

Most school employee labor contracts are open and health care plans are changing in accordance with the Affordable Care Act. **We have a once in a lifetime opportunity RIGHT NOW to ensure equity in the health care coverage available to all employees, while at the same time delivering millions of dollars in savings to taxpayers.** This opportunity to save up to \$26 million annually won't occur again. **We must act now.**

The teachers' union itself identified "the inexorable growth in health care costs" as the "root" of any excess growth in school budgets during testimony in opposition to allowable growth thresholds (i.e. spending caps) in Act 46. For example, between 1997 and 2016 compensation and benefits of school employees outpaced inflation by \$224 million. Over that same period, the state lost more than 20,000 students. **The State, districts, teachers, and legislature have an opportunity right now to – together – stop what has been called an "unstoppable cost driver" and hold the average price of the benefit for school employees level.**