

**\*\*\*\*BRIEFING\*\*\*\***

**Status of Negotiations on Education Savings and Property Tax Relief**

In April, after weeks of stakeholder discussions, Governor Phil Scott presented a proposal to maximize the benefit of an estimated \$75 million in savings from changes in healthcare plans for educators that are going into effect in January 2018.

The Governor's proposal would achieve savings through a statewide health plan where the state is the bargainer with school employee unions for the health benefit only. This proposal reinvests nearly \$50 million back into school employees to keep their out-of-pocket costs the same, and would use the remaining savings – up to \$13 million in Fiscal Year 2018 and up to \$26 million a year moving forward – to benefit taxpayers.

Governor Scott's original plan has broad support from the Vermont School Boards Association, the Vermont Superintendents Association, Republicans, Independents, and Democrats, as well as everyday Vermonters.

His plan was built on three principles designed to maximize the benefit of this once-in-a-lifetime opportunity for taxpayers, while protecting teachers and school programs. Those were:

1. Maximize Savings – An alternative must maximize the savings opportunity of the transition to these new healthcare plans and achieve ongoing savings;
2. Keep Teachers Whole and Provide Parity – An alternative must not require teachers to pay more and provide parity and uniformity across the system; and
3. Simplify Negotiations for Districts – An alternative must reduce the burden currently on school districts negotiating these new, more complex insurance plans.

The following addendum shows a timeline of the conversations regarding this savings opportunity and the Administration's proposals and counterproposals, to demonstrate the Governor's efforts to date to reach a resolution that puts taxpayers first.

## **ADDENDUM: OVERVIEW OF THE TIMELINE OF KEY LEGISLATIVE MILESTONES**

*\*Note that this is not meant to be an all-inclusive list of every conversation or meeting, but to provide an overview of key events.*

- January 24, 2017 -- Governor's original 80/20 premium split for savings in the school employees' healthcare presented in his budget.
- January 25, 2017 – Representative of the Vermont Education Health Initiative (VEHI) testifies in the House Education Committee regarding the details, and savings opportunities, of the new plans. Source: <https://vtdigger.org/2017/02/21/health-care-cost-sharing-focus-teacher-negotiations-statewide/>
- January 27, 2017 – Representative of the Vermont Education Health Initiative (VEHI) testifies in the Senate Finance Committee regarding the details, and savings opportunities, of the new plans.
- Throughout February 2017:
  - The Administration meets with stakeholders to refine its proposal.
  - There are meetings with majority and minority leadership in which Administration officials point to the savings that can be achieved from the transition to new plans and that alternatives for capturing the savings should be evaluated.
  - In response to media inquiries, the Governor repeatedly notes there is an opportunity to find savings in the transition to the VEHI healthcare plans and that his Administration is reviewing options and would like the Legislature to do so.
  - The Vermont School Boards Association (VSBA) briefs House and Senate leadership on savings opportunities. Source: <https://vtdigger.org/2017/05/07/ashes-chief-staff-pushed-montpelier-school-board-leave-associations/>
    - *“The health insurance proposal came out of this working group and was unanimously endorsed by our board of directors. We shared it not only with the governor, but with House and Senate leaders in February,” Mace said.*”
- February 7, 2017 – Representative of the Vermont Education Health Initiative (VEHI) testifies in the House Ways and Means Committee regarding the details, and savings opportunities, of the new plans.
- February 10, 2017 – Representative of the Vermont Education Health Initiative (VEHI) testifies in the House Appropriations Committee regarding the details, and savings opportunities, of the new plans.
- February 15, 2017 – Representative of the Vermont School Boards Association (VSBA) testifies in the Senate Finance Committee regarding the details, and savings opportunities, of the new VEHI plans.
- March 17, 2017 – House Speaker Johnson and the House Minority Leader are briefed in separate meetings on the framework of the Governor's education savings proposal.
- First week of April 2017 – Senate receives House-passed property tax yield bill, which does not account for savings from VEHI plans.
- April 14, 2017 – Governor briefs Senator Cummings and Senator Kitchel, and the House Speaker, in separate meetings, on the education savings proposal and shares draft legislation.

- April 20, 2017 – Governor hosts meeting with the Vermont School Boards Association, the VT-NEA and the Vermont Superintendents Association to discuss his education savings proposal. Senator Ashe and House Speaker Johnson attend. VT-NEA responds shortly after with a press statement condemning the proposal.
- April 24, 2017 – Proposal that VEHI healthcare benefit be negotiated with the State is presented at press conference, hosted by Governor Scott with Vermont School Boards Association and Vermont Superintendents Association and their members.
- April 26, 2017 – Representative of the Vermont Education Health Initiative (VEHI) testifies in the House Education Committee regarding the details of the new, lower-cost plans.
- April 26, 2017 – Representative of the Vermont School Boards Association (VSBA) testifies in the House Ways and Means Committee regarding the details, and savings opportunities, of the new VEHI plans.
- April 26, 2017 – Representative of the Vermont School Boards Association (VSBA) testifies in the House Education Committee regarding the details, and savings opportunities, of the new VEHI plans.
- April 27, 2017 – Degree amendment offered on the floor of the Senate.
- May 3, 2017 – Beck amendment offered on the floor of the House. Speaker casts rare vote to create tie, and thus defeat the amendment. The House, recognizing that there is an opportunity for the State to recapture savings, passes the Webb amendment.
- May 5, 2017 – Governor suggests to leadership that bargaining of statewide benefit could occur with a party (such as VSBA) other than the State – a proposal he later reiterates in multiple press conferences.
- May 9, 2017 – Governor meets with the VT-NEA, suggests that bargaining of the statewide benefit could occur with a party other than the State. Expresses openness to a counter proposal from the Legislature that will meet his principles.
- May 10, 2017 – Senator Ashe presents first \$13 million “Ashe amendment” proposal to the Governor.
- May 10, 2017 – Governor’s Administration responds to Senator Ashe’s proposal in writing.
- May 11, 2017 – Governor’s Administration suggests specific language changes that would allow the Governor to support Senator Ashe’s proposal.
- May 12, 2017 – Administration provides Senators recommended changes to the language of the second Ashe proposal.
- May 12, 2017 – Senator Ashe presents new language on the Senate floor.
- May 12, 2017 – House Speaker Johnson indicates she is working on new language to substitute for the Ashe amendment.

- May 15, 2017 – House Speaker Johnson presents language to the Governor’s office that she characterized to press as a “a very rough draft.” Source: <http://www.vermontpressbureau.com/2017/05/15/speaker-crafts-new-savings-plan-hopes-to-end-stalemate/>
- May 16, 2017 – The Administration meets with House Speaker Johnson, Senate President Pro Tem Ashe and other members of Senate and House Democratic leadership to provide a formal counter proposal, and give an overview of, and answer specific questions about, changes proposed that would allow the Governor to support the Speaker’s proposal.
- May 16, 2017 – At the House Speaker’s request, a policy analyst from the Governor’s staff met with 8 members of the Joint Fiscal Office (JFO) and Legislative Counsel to clarify details mid-afternoon.
- May 17, 2017 – Governor receives a third Ashe proposal.
- May 17, 2017 – Later in the morning, the House Speaker, Senate President Pro Tem and Governor meet. The Governor presents path for reaching agreement on the Speaker’s proposal. The new Ashe proposal, delivered just 40 minutes earlier, was not discussed by the legislative leaders.
- May 17, 2017 (12:00 p.m.) – House Speaker Johnson and Senate President Pro Tem Ashe hold a press conference, at which the Speaker declares an “impasse.”
- May 17, 2017 – In the evening, Governor and Senate President Pro Tem Ashe communicate an openness to continue discussions.
- May 18, 2017 – At three separate meetings throughout the day, the Governor, the Senate President Pro Tem, the House Speaker and Deans of the House and Senate discuss proposals from the Administration that offer paths for an agreement working from both the Pro Tem’s and Speaker’s proposals. The last conversation was at 6:30 p.m. and the meeting ends without agreeing on a solution or a declaration of impasse.
- May 18, 2017 (6:45 p.m.) - Statehouse press report leadership moving ahead without a compromise on a savings proposal. Legislative leadership does not brief the Administration at any point prior to moving H.509 or H.518 with details of their plans after the last conversation.

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