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Washington Northeast Supervisory Union Reaches Impasse in Contract Negotiations

On Monday, September 11, the negotiating council representing teachers at Cabot School and Twinfield Union School declared a bargaining impasse in their negotiations with the Boards of the Washington Northeast Supervisory Union to agree on the terms of a new teachers' contract for the 2017-18 and 2018-19 school years. On September 19, the negotiating council representing support staff at the two schools also declared an impasse in separate negotiations to agree on a two-year contract for support staff at the two schools. In both cases, impasse resulted from lack of agreement on health care cost-sharing and salary increases.

Background

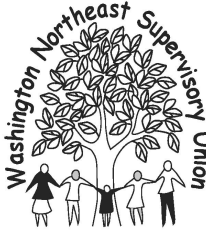
Negotiations with the local Association of the VT-NEA (Teachers) were initiated in the fall of 2016, with the aim of reaching agreement on new contracts to replace the separate teacher and support staff contracts that were scheduled to expire on June 30, 2017. There was a substantial delay in the negotiations resulting from a disagreement between the Supervisory Union and the Association over the interpretation of the Vermont Open Meetings law. The Supervisory Union had read, and continues to read, the law to require negotiations in open, public session. The Teachers read the law differently, and both sides filed unfair labor practice claims against the other before the Vermont Labor Relations Board (VLRB), seeking a resolution to the dispute.

In April 2017, the VLRB released its ruling. For reasons beyond the scope of this communique, Washington Northeast SU appealed the VLRB ruling to the Vermont Supreme Court where a resolution is pending. In the meantime, the Supervisory Union and the Teachers worked out a method to restart negotiations while the appeal is underway.

How Did We Get to Impasse?

Teachers and support staff at our two schools are dedicated to the support and success of all of our students. Anyone who has spent a day in one of our schools – any school, in fact – knows that teaching children is one of the most difficult professions that anyone could choose for their life's mission. We are blessed in this Supervisory Union with a rather large ratio of senior, experienced teachers and support staff who pride themselves in the work they do, and the results they see for all of our students. In turn, the Boards expect to support our staff in this work with fair salary and benefits, consistent with the ability of our communities to support this with their property taxes.

Our teachers and support staff participate in a statewide health insurance program operated by Vermont Education Health Initiative (VEHI). Administrators in the districts and Supervisory Union offices receive the same healthcare benefits as the teachers and support staff. Health insurance premium costs are shared between the district (employer share) and the employee. Under the contract that just expired in June (which is still in force while negotiations are underway), our teachers pay 17% of the premium costs and WNESU (the employer) pays the



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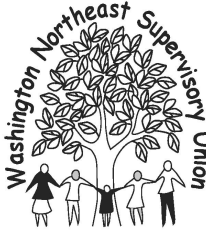
remaining 83%. Support staff receive the same insurance, but at this time pay only 12% of the total premium cost. This different split reflects the fact that teachers' salaries are significantly higher than the salaries of the support staff.

VEHI is changing the healthcare plans, effective January 1, 2018. These new plans are structured somewhat differently from the current plans, replacing Co-pays for services with a defined set of Out of Pocket costs that vary by procedure but are ultimately capped at different levels depending on the type of coverage (Individual, Two-Person, Family). Otherwise, the plans offer the same level of services and coverages as the plans they are replacing. The biggest change from a financial perspective is a significantly reduced premium structure. Thus, there is an upfront reduction in premium costs that benefit both the employer and the employees. Much of the discussion in the current negotiations has revolved around how to divide these savings between employees and the school districts and Supervisory Union.

The negotiating council of the WNESU (composed of members of the Cabot and Twinfield School Boards) has proposed that teachers pay 20% of the premium costs for the new plans. This split reflects what the Governor had asked for when he proposed a statewide teachers' healthcare plan. Even with this 3% increase in their share, teachers who elect coverage under the VEHI Gold CDHP Plan (the plan both sides have been focusing on as the best value) will realize a premium savings ranging from \$279 to \$658 per year per teacher, depending on the level of coverage selected (i.e., single, 2 person, family, etc.). Additionally, the board negotiating council has offered to pay a proportion of the employees' Out-of-Pocket costs when they receive healthcare services. Our offer to the Teachers and was to pay the first \$1000 of Out-of-Pocket costs for single plans and \$2000 of Out-of-Pocket costs for two-person and family plans. The teachers would be responsible for the remaining Out-of-Pocket costs up to the Out-of-Pocket cap. This employee-paid coverage for Out-of-Pocket costs is higher than what the typical teacher pays today in Out-of-Pocket charges, which takes the form of co-pays (visit-by-visit charges) under the current plans.

The negotiating council of the WNESU has proposed that support staff pay 15% of the new premium costs, the same 3% increase we proposed for the teachers. We are not asking our lowest paid employees to shoulder the same share of healthcare premiums. At this 15% level, support staff who elect coverage under the VEHI Gold CDHP Plan would realize a premium savings ranging from \$141 to \$360 per employee per year, depending on the level of coverage selected (i.e., single, 2 person, family, etc.). The Board would also provide staff with the same level of monetary support for Out-of-Pocket costs as was offered to teachers.

Initially, the negotiating council for the teachers and support staff proposed that the school district pay 100% of the cost of the new health insurance premiums as well as all of the Out-of-Pocket costs for teachers, and 90% of the premium and Out-of-Pocket costs for the Support staff, though these numbers were being adjusted when negotiations broke off.



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In regards to salary, the teachers' negotiating council asked for 6% increases in each of the two contract years for teachers. The School Board's offer for teachers was 1.5% new money in each of the two contract years for teachers in Cabot and 1% for each year for teachers in Twinfield (the difference reflects the proportionally higher pay scale in Twinfield). The Union also asked for 6% increases in each year for the Support Staff; we offered 2.9% in each year.

So why are we at impasse? **The simple answer is that any settlement above what we have offered to teachers and support staff will force the Districts to deficit-spend in the current school year.**

If you have been following the Vermont news this year, you are undoubtedly aware of the pull and tug between the Governor Phil Scott and the Legislature this spring over the issue of teacher and support staff health care costs. The Governor said he wanted a state-wide health insurance agreement in which all teachers would pay 20% of premium costs, saying the State would realize \$26 million in savings. That proposal was not accepted by the Legislature, and as a result Governor Scott vetoed the budget bill and forced a veto session with the Legislature in July. In that session, rather than formalize a statewide plan, the Governor and Legislature "compromised" on an arrangement to achieve the savings in healthcare costs that the Governor was seeking. The compromise was to direct the Agency of Education to create a "recapture" formula to extract the desired savings from individual school districts over a two-year period. The formula is a bit complicated, but it essentially looks at the number of staff who utilize the healthcare plans in the District and the type of plans they have (single, family, etc.) to calculate a usage level upon which to derive the recapture. In Washington Northeast, almost all of our staff are enrolled in our healthcare programs, with a high number of family plans. This has the effect of resulting in a higher healthcare recapture amount here than in some larger Districts in the State. In our case, Cabot's recapture amount is \$45,003 and Twinfield's is \$73,984 for the two years affected by the recapture.

The first year of recapture is the current school year (2017-18) and we are required to "give back" 65% of the total recapture amounts for each school (\$29,252 and \$48,090, respectively). That the State is taking back money from us that we had budgeted and approved by the taxpayers last spring is a significantly problematic act by the State. When we budgeted for this school year, we planned for some savings from the new healthcare plans that will go into effect in January; that is, our approved 2017-18 budgets already include a reduction in the portion set aside for health care costs. The budgets we presented to the communities was an honest attempt to tell them what it would cost to run the schools this year. Last spring, no one could have anticipated a July surprise that is the healthcare recapture. That money is gone, and along with it any wriggle room we might have had in our negotiations with the Union. We have no other flexibility in terms of how we accommodate for its loss. We have already made agreements with the staff for the current school year and we have to honor them. Both schools operate on a threadbare budget for school operations. There is no "fat" in either school budget that we can excise to cover the loss of these recaptured dollars.



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The reality of the situation is stark and simple – even if we settle our agreements today in the amounts we have offered to teachers and support staff, we will still have some deficit spending in the current school year that we will have to cover in NEXT year’s school budgets –in addition to covering the loss of the remaining 35% of the recapture dollars. Any additional money in the form of salary or healthcare coverage will just make matters worse.

In summary, the \$77,000 dollars removed from our school districts’ budgets by the State’s “recapture” plan has severely limited our room for negotiating this year on salary and health care benefits for the teachers and support staff of our schools. We hope in the near future to resume negotiations with the negotiating council representing the teachers and support staff of Cabot and Twinfield schools. In the meantime, we believe that it is important for our communities to understand the unusual situation that our schools are in this year, as we work to reach an agreement that fairly supports our staff without reducing the quality of our school programs.

Signed,

Twinfield Union School Board
Cabot School Board