



Dear School Board Member,

Yesterday afternoon, the Employer Commissioners informed us that the arbitrator has selected the Employee Commissioners' Last-Best-Offer as the statewide health benefit for school employees. The Employer Commissioners will not receive the written decision for several days, but we wanted to inform you as soon as we heard which proposal the arbitrator selected so that you can begin to analyze the fiscal impacts for your district(s) as you conclude the FY21 budget process.

You can find a chart with the Employee Commissioners' Last-Best-Offer details [here](#).

As a result of the arbitrator's award, school districts will experience higher health care costs. Significant cost drivers to model for your district will include: expanding access to all tiers of coverage for support staff; first dollar employer OOP contributions of \$2,100/\$4,200 for teachers and administrators and \$2,200/\$4,400 for support staff; and expanding health benefits eligibility to employees who work 17.5 hours/week.

As many of you know, last week the Tax Commissioner released the annual [December 1 letter](#), predicting the FY21 income and property yields, as well as the nonresidential tax rate. We learned this morning that the Tax Department did not include modeling for either LBO proposal as it formulated its projected education spending increases. While final yields and nonresidential rates are never known when boards adopt budgets to present to voters, the arbitrator's decision is likely to substantially increase health care costs to districts, which adds to the uncertainty regarding the FY 21 income and property yields and nonresidential rate.

The VSBA would like to thank the five Employer Commissioners for their efforts in this difficult negotiation. Their last-best-offer balanced the needs of school employees with the imperative to slow the growth of health care costs for school districts to a more sustainable level.

We will be providing more analysis of the impacts of this decision in the weeks to come. Starting in January, we will also be offering workshops across the state on the impacts of this decision on local negotiations. To register for a workshop near you, please visit our [website](#).

Please let me know if you have any questions.

Sincerely,

Sue Ceglowski

Executive Director, Vermont School Boards Association