

WEEK IN ACTION!

Weekly News From Your Union ~ November 10, 2014 – November 14, 2014

State Says Statute Allows It To Cut Budget Deficit By 1%--Without Legislative Approval

VT Digger reported this week that the State is moving forward with a plan to reduce Vermont's budget deficit by 1 percent, without legislative approval. The State is claiming it has the right to make the cut by statute, but retiring House Appropriations Committee Chair Martha Heath tells *Digger* that she is not accepting the State's assertion "at face value" and that she will request an opinion from Legislative Counsel. VSEA's legal team shares Ms. Heath's skepticism, and the union will be watching this debate and the outcome closely, as there could be implications for the state workforce, especially knowing that the State is prepared to rely solely on cuts as opposed to looking at ways to generate new revenue.

Times Argus Editorial Supports New Revenue

A November 14 editorial in the *Times Argus* ends this way:

"Yet [the State] hobbles [itself] by tying one hand behind [its] back. [It] has pledged not to raise new taxes, meaning the entire gap between spending and revenue must be closed by cutting spending. [The State] prefers to put the Legislature in the position of forcing [it] to raise taxes. Given the challenges we face, and the obligations it makes sense to accept, there are ways the Legislature can think about taxes.

For one, the stagnant growth of the post-recession years has not been stagnant for everyone. The stock market is booming and the wealthy are scooping up new income. The IRS reports that 95 percent of the income growth since the recession has gone to the top 1 percent. Changes in the tax system that obtained revenue from investment income would tap into the wealth that exists rather than seeking to tap sources that have been stagnant — that is, middle class income.

The wealthy in Vermont cannot meet all of our revenue needs, but to meet our obligations we need to obtain revenue from where the wealth is. Not to do so is to bow to the trend toward inequality that is making the nation poorer."

Benefits Advisory Committee Chair Promotes Pre-Tax Health Care Premium Payments & Flex Spending Accounts!

VSEA Benefits Advisory Chair Dave Bellini asked *WIA* to remind members that roughly 1,000 state employees are currently paying their health insurance premiums with after-tax dollars. He says that these members could save money by switching to a "premium reduction plan," or a pre-tax plan.

"We all just found out we'll be paying an additional 18 percent on our premiums, and there are a couple of ways for VSEA members to bring the payment down a little," explains Bellini. "First, if you're paying your premium with after-tax dollars right now, you can reduce the impact of the rate hike a little by switching to a pre-tax plan."

To pay your insurance premiums on a pre-tax basis, state employees can fill out and submit this form:

http://humanresources.vermont.gov/sites/dhr/files/Documents/Benefits/DHR-Health_Benefits_Pretax_Form_2013.pdf

Bellini is also suggesting that more members join the 20% of state employees who are currently taking advantage of Flex-Spending Accounts. These accounts allow an employee to pay healthcare, vision and dental deductibles and copays with pre-tax income. Bellini recommends that state employees who anticipate regular copays or other medical expenses should utilize flex spending accounts to pay these out-of-pocket costs on a pre-tax basis. You can start a Flex Spending Account using this form:

http://humanresources.vermont.gov/sites/dhr/files/Documents/Benefits/DHR-FSA_Enrollmet_Form_2014.pdf

VSEA President Begins Touring Worksites

VSEA President Shelley Martin was in St. Johnsbury on November 12 to meet and talk with a dozen VSEA members working for the Agency of Natural Resources. It's the first of what Martin says will be many worksite visits by her in the coming weeks and months.

"I want to get out and meet face-to-face with as many VSEA members as possible, especially to hear what's on members' minds as we approach a new legislative session," says Martin. "I've already heard about retirement insecurity, caseload and manpower issues, increased health care premiums and concerns about Vermont's budget deficit. I'll be interested to learn if these are the same things concerning VSEA members in other Vermont worksites."

Next week, Martin has scheduled visits in:

November 19 - Lamoille – State Office Building – 63 Professional Dr., Morrisville

November 20 – St. Albans – State Office Building – 20 Houghton St., St. Albans

November 21 – White River Junction – P&P Office - 224 Holiday Dr., White River Junction

VLRB Hands VSEA An Ambiguous Decision On Deputy State's Attorneys. VSEA Will Appeal!

Just after *WIA* blasted last Friday, VSEA received a long-awaited decision from the Vermont Labor Relations Board (VLRB) on whether or not Vermont's Deputy States Attorneys can be organized under the Municipal Employees' Labor Relations Act. Unfortunately, the VLRB's ruling does little to clear up the issue.

WIA readers will remember that VSEA decided in April to try and organize the workers under the Municipal Labor Relations Act (MERA), as opposed to the State Employee Labor Relations Act. VSEA chose the approach because the State had adamantly fought VSEA's contention that the workers are state employees, saying instead that they are county workers.

A *VT Digger* story about the VLRB's decision, included the following:

“Technically, the deputy state’s attorneys, victim advocates, administrative secretaries and secretaries VSEA sought to represent are neither state nor municipal employees,” said board chairman Richard Park and members James C. Kiehle and Gary F. Karnedy. ‘Any statutory collective bargaining rights which would be granted employees of the state’s attorney offices would have to come through legislative action,’ the three-member panel ruled on Nov. 3.”

VSEA Communications Director Doug Gibson commented to *Digger* on the Board’s decision, calling it “unfortunate” and adding, “In fact, it makes the [Deputy States Attorneys’] status even more murky because, according to the board’s decision, this group of employees doesn’t fall under the jurisdiction of any state labor statute. They aren’t ‘state’ employees, nor are they ‘municipal’ employees. They are essentially in some kind of weird worker limbo.”

In the story, Gibson says VSEA’s legal team is reviewing the decision and deciding next steps, but it didn’t take long. This week, the union’s Legal Assistance Committee met and decided that **VSEA will be appealing the Board’s decision to the Vermont Supreme Court.**

In a memorandum to the union’s Board of Trustees, explaining the Committee’s decision to recommend an appeal, members of VSEA’s Legal Assistance Committee wrote: “The Board’s decision is based on several fundamental errors of law that could have wide-ranging impacts not only for these employees but for employees of other political subdivisions whom the VSEA or other unions may seek to organize in the future. For these reasons, as briefly described below, the Legal Assistance Committee unanimously voted to appeal this matter to the Vermont Supreme Court.”

WIA will keep readers updated on any and all developments.

[VSEA Members Urged To Attend 11/20 Rally For FairPoint Workers](#)

VSEA is urging members who are able to attend a noon rally at the State House on Thursday, November 20 to support striking FairPoint workers. The workers’ strike is entering its third week and Vermont labor is hoping for a good turnout and strong show of solidarity.

VSEA Donates \$5000 To Striking Workers

VSEA’s Board of Trustees met this week and voted to donate \$5000 to striking FairPoint workers.

VSEA members who would like to donate individually to the workers can send your check, made payable to the:

IBEW-CWA Solidarity Fund
21 Gabriel Drive

Augusta, ME 04330

To make a credit card donation, please [click here](#).

VSEA Honored At Workers' Center Event

The Vermont Workers' Center held its Annual Membership Assembly on Saturday, November 13, at the Old Labor Hall in Barre. Part of the day's events included a banquet, where individuals and organizations were presented with special labor "solidarity awards." VSEA was honored to receive an award for voting to change the union's emphasis to organizing and for the union's defense of whistleblowers like John Howe and its support of health care for all. VSEA and other unions present on the UVM campus were also acknowledged for the ways all are working together in solidarity to achieve social and economic justice for every UVM worker.

Two VSEA staff members were also elected this weekend to Workers' Center leadership posts. VSEA Organizer Tim Boyle was elected to be the organization's Membership Coordinator and VSEA Organizer CC Reuge was elected Secretary.

VSEA Union Representatives Assume New Territories On November 17!

VSEA Director of Field Services Gretchen Naylor recently announced a reshuffling of territories and agency/department assignments for VSEA Union Representatives. The new assignments officially begin on Monday, November 17, so please consult the list below to learn who your Union Representative is.

New Territories/Agencies/Departments

John Brabant: St. Albans, Grand Isle, St. Johnsbury, White River Junction, Vermont Psychiatric Care Hospital (VPCH), Middlesex Residential Facility, Lyndon State College, Vermont Technical College

Kelly Burns : Chittenden, Lamoille, Johnson State College

Dave Van Deusen: Statewide Agency of Transportation (AOT), Addison, Rutland, Castleton State College

Bob South: Brattleboro, Springfield, Newport, Island Pond

Brian Morse: Bennington, all supervisors, all of Judiciary

Josh Massey: Barre, Waterbury, Central Vermont (except AOT)

Reminder: Retirees' Chapter Holding Special Meeting On Dec. 11 To Select Trustee For Windham & Windsor Counties

The VSEA Retirees' Committee is actively searching for a trustee to represent Windham and

Windsor Counties. If you're a current dues-paying retiree who resides in Windham or Windsor Counties, and you're interested in running for this trustee seat, please send a letter of interest by 4:30 p.m., Wednesday, December 10, to VSEA RC President Maclay at jmaclay@vsea.org. Chapter officials will then hold a special meeting on December 11 to name a new Windham and Windsor trustee. The meeting begins at 9:30 a.m.

As always, if you are a lifetime member of VSEA and are interested in joining the VSEA Retirees' Chapter, please send your \$10 dues check to VSEA HQ or bring this payment to the special Chapter meeting on December 11.

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Eighteen Percent Premium Spike Announcement Raises Numerous Questions

VSEA leaders and headquarters staff have been responding to a host of member questions, prompted by the State's announcement that state employee health care premiums would rise by 17.9%. Here are some of the more commonly asked questions:

BC/BS = Blue Cross/Blue Shield

Q: Why is BC/BS raising my rates?

BC/BS has no say in setting our premium rates. The state of Vermont's health plan is self-insured. The State contracts with an insurance company, currently BC/BS, to adjudicate insurance claims, but the plan benefits are the result of collective bargaining between the State and VSEA. As far as premiums, the State contracts with an independent actuarial firm to monitor the plan and propose sufficient premium increases to adequately cover projected health insurance claims for the following year. Your contracts stipulate that state employees are responsible for 20% of premiums, and the State picks of the tab for the remaining 80%.

Q: Why are State health insurance premiums so high compared to other plans?

Premiums are basically a reflection of the benefit levels in a health plan. Many other health plans have a high deductible or lesser benefits than ours, and therefore, lower premiums. Our premiums are not out of line with many BC/BS plans that have the higher benefit levels. State employees pay higher premiums to have plans with little to no deductibles and copays. Many Vermonters working in the private sector pay lower premiums for their health plans, but their plans also include unaffordable deductibles up to \$5000 and high out-of-pocket costs for medical claims.

Q: What caused the 17.9% premium increase?

The plan experienced a significant increase in the number of high-cost medical claims during the last few months of 2013 under Cigna, and the spike continued into 2014. This adverse medical claims experience—which coincided with four premium holidays in FY2013—resulted in the plan's reserves being completely exhausted. Average monthly medical claims have been higher during 2014; however the higher trend only accounts for roughly 10% of the premium increase. The remaining 8% will go toward paying off the plan's \$3 million deficit and rebuilding the

plan's \$10 million reserve over three years.

Q: Were state employees offered any alternative to the 17.9% Premium Increase?"

Yes. Prior to the announcement, VSEA leaders and State officials reviewed three options for health insurance increases to meet the plan's increased expenses and pay off the deficit. The options ranged from 17.9% to 22.6%. VSEA leaders recognized that the lowest option (17.9%) was unaffordable for many members. The only difference between the three options was the speed at which the plan's \$10 million reserve would be replenished. VSEA advocated for the lowest increase available to meet plan expenses and refill its reserve over three years. In addition, if the high claims trend levels off, the plan reserves will be refilled faster.

Q: Was there a way to lessen the blow, meaning not receive such a big hit all at once?

Yes. VSEA leaders on the Benefits Advisory Committee have long advocated against fiscally irresponsible premium holidays. Although some state employees appreciate a break from paying their insurance premiums, premium holidays are simply an unsound way to manage the plan. The State gets 80% of the savings from premium holidays, which they then use to balance the budget. If the State had authorized only two premium holidays in 2013, instead of four, the premium increase for 2015 would have been roughly 10%, instead of 17.9%.

Q: What can state employees do to reduce the impact of the premium hike?

- Roughly 1,000 State employees currently pay their health insurance premiums with after-tax dollars. To pay your insurance premiums on a pre-tax basis, state employees can fill out and submit this form:

http://humanresources.vermont.gov/sites/dhr/files/Documents/Benefits/DHR-Health_Benefits_Pretax_Form_2013.pdf

- Currently, only 20% of state employees are taking advantage of Flex-Spending Accounts, which allow an employee to pay healthcare, vision and dental deductibles and copays with pre-tax income. State employees who anticipate regular copays or other medical expenses should utilize flex spending accounts to pay these out-of-pocket costs on a pre-tax basis. Start a Flex Spending Account using this form:

http://humanresources.vermont.gov/sites/dhr/files/Documents/Benefits/DHR-FSA_Enrollmet_Form_2014.pdf

Q: How can we prevent this from happening again?

- Give state employees statutory veto power over fiscally irresponsible premium holidays;
- Open state employee health clinics, like those in Alabama, Colorado, Montana, and Tennessee, which have saved taxpayers and state employees millions of dollars by increasing access to preventive medicine;
- Explore income-based premium sharing, like UVM and the Vermont State Colleges. Why should a state employee earning \$30,000 be expected to pay the same 20% premium as a commissioner earning over \$100,000?; and
- Real health care reform that includes cost-containing measures. The state employee health plan is susceptible to the same cost-shifting pressure as private insurance due to low Medicaid reimbursement rates and other market forces.

ALERT! Post Office No Longer Recognizing Mail Sent To VSEA HQ Using Defunct P.O. Box Number

Stewards Urged To Review Cards

VSEA is issuing an alert to members NOT to use P.O. Box 518 when sending mail or other correspondence to VSEA headquarters in Montpelier. The Post Office is no longer forwarding mail sent to VSEA with the P.O. Box number. VSEA Stewards and other leaders are being asked to review any cards or literature you may be passing out in worksites to ensure the address printed on the material does not include the now defunct P.O. Box number.

As a reminder, VSEA's new and correct mailing address is:

VSEA HQ
155 State St.
Montpelier, VT 05602

Upcoming Meetings/Events/Holidays:

November 17

VSEA Union Representative Territories Begin
See *WIA* Entry Above

November 19

Franklin/Grand Isle Chapter Meeting
Mimmo's Restaurant
Main St.
St. Albans
5:00 p.m.

November 20

Rally For FairPoint Workers
State House Lawn
Montpelier
12:00 p.m.

November 21

Training: Steward II: Protecting The Contract & Building The Union
VTrans Training Center
1716 U.S. Rte. 302
Berlin
9:00 a.m.