



New Jersey School Boards Association

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NJSBA Position Statement SEEKING AMENDMENTS *Assembly Bill No. 5825*

Changes effective date of Garden State Health Plan and provides open enrollment period; exempts certain charter schools from certain healthcare plan requirements.

The New Jersey School Boards Association (NJSBA), a federation of local school districts and associate charter school members, appreciates the opportunity to provide feedback on Assembly Bill No. 5825. This bill would amend P.L.2020, c.44, commonly referred to as “Chapter 44”, by delaying implementation of the new “Garden State Health Plan” (GSHP) to provide additional time to develop the plan and to require an enrollment period. While the NJSBA does not oppose delaying implementation of GSHP, the Association believes this bill must go much further to reverse the adverse, though unintended, financial consequences school districts across the state have experienced since Chapter 44 went into effect on January 1, 2021.

In June 2020, Governor Murphy signed Chapter 44 into law. This law made significant changes to the types of health care plans districts must offer their employees while also altering the amount that such employees must contribute to the cost of those plans. Chapter 44 was intended to generate hundreds of millions of dollars in savings for New Jersey school districts, school employees and taxpayers – a so-called “win, win, win.” The NJSBA was supportive of the goal of this measure and was optimistic, albeit cautiously, that this law would deliver positive results for *all* of its member districts and enable them to increase investments in valuable programs and services without placing any additional burden on local property taxpayers. Unfortunately, more than five months since law went into effect at the beginning of this year, it has become clear that the promise of reduced health care costs across school districts has not been fulfilled.

While several school districts have indeed enjoyed reductions in their health care costs, many have experienced increases – sometimes substantial ones. The NJSBA has been hearing concerns from boards of education across the state, many of which have adopted resolutions, sent letters, held meetings with their local legislators, and submitted budget testimony appealing to the Legislature and Governor to provide them with relief. The NJSBA urges the Legislature to use this bill, A-5825, as a vehicle to reverse the unintended consequences of Chapter 44. In the short-term, the Legislature should appropriate funding to offset the financial losses districts have already experienced post-Chapter 44 and ensure each district is at least held harmless. This could be effectuated through this legislation, or through the FY2022 state budget process.

Moving forward, the law should also be amended to free up boards of education and their local unions to negotiate changes to the health care plans and the employee contribution levels dictated by Chapter 44. As enacted, Chapter 44 effectively “locked in” the plan design of the newly established NJ Educators Health Plan, as well as the amount employees must contribute toward the plan, for a period of seven years. These provisions prevent boards of education and employee unions from fully considering all aspects of their health benefits coverage and spending during the traditional collective bargaining process, which may be necessary to respond to changing economic conditions. Amendments made to the Senate counterpart (S-3487) to A-5825 would compel boards of education and unions to engage in negotiations in the event that implementation of Chapter 44 results in a net financial loss

to the districts. While this constitutes a positive step in the right direction, we believe all school districts should have the authority and flexibility to proactively discuss and negotiate changes to Chapter 44 at any time, rather than having to wait until they either experience a financial loss – which they may not be able to reverse – or until the issue returns to the bargaining table in 2028.

The NJSBA knows the Legislature had the best of intentions when it passed Chapter 44, and remains hopeful it will act to protect both boards of education and taxpayers from the adverse consequences it is having on many of our members' budgets, while preserving the gains made by those districts which have benefitted from the law.

Thank you for your consideration of the NJSBA's position on this legislation. Any questions may be directed to Jonathan Pushman, NJSBA Director of Governmental Relations, at (609) 278-5248 or jpushman@njsba.org.