

## **Urging Relief from Increased Costs to School Districts Resulting from the Implementation of “Chapter 44,” the 2020 School Employee Health Benefits Reform Law**

**WHEREAS,** P.L.2020, c.44 (“Chapter 44”) requires the School Employees’ Health Benefits Program (SEHBP) to offer plans, beginning on January 1, 2021, for medical and prescription benefits coverage including the New Jersey Educators Health Plan (NJEHP); as adopted and implemented by the School Employees’ Health Benefits Commission; and

**WHEREAS,** Chapter 44 established reduced premium contributions for any employee who selects, or is placed into, the NJEHP as his or her health care coverage option; and

**WHEREAS,** The SEHBP applies to the following employers who elect to participate in the SEHBP: local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, state-operated school district, charter school; and

**WHEREAS,** The provisions of Chapter 44 also apply to these same employers even if they do not elect to participate in the SEHBP; and

**WHEREAS,** Many school districts had previously negotiated health benefit agreements with lower net costs compared to the plan design and cost-sharing requirements under “Chapter 44,” and/or have staff that previously declined coverage but now are choosing to enroll in the NJEHP due to its low employee cost-sharing provisions; and

**WHEREAS,** A significant number of school districts will experience a net increase in their health care costs because the NJEHP premiums are higher than the premiums for the collectively bargained plans previously offered by the district, which is further exacerbated by reduced employee contributions under Chapter 44; and

**WHEREAS,** Other school districts will experience a net increase in their overall health care costs even if the NJEHP premiums are lower than that of the previous plan offerings because the reduction in employee contributions will offset any overall premium savings, resulting in increased net costs to the district; and

**WHEREAS,** The low employee contribution requirements under NJEHP encourage employees who had previously waived or declined coverage to enroll thereby increasing the districts’ health benefit costs for the balance of fiscal year 2021, continuing into fiscal year 2022 and likely beyond; and

**WHEREAS,** These costs may exceed districts’ ability to address within their budgets owing to the limitations of the 2% property tax levy cap; and

**WHEREAS,** Chapter 44 was a well-intentioned proposal that aimed to generate hundreds of millions of dollars in savings for school districts, school employees and taxpayers; and

**WHEREAS,** While some school districts may indeed be realizing savings due to the provisions

of Chapter 44, many are experiencing the opposite effect and witnessing an increase in their health care costs, which may result in cuts to critical programs, services and staff in order to balance their budgets; and

**WHEREAS**, Since Chapter 44 essentially froze the level of health benefits and employee contributions for the seven-year period following the law's effective date, districts are unable to control cost increases through the traditional collective bargaining process; and

**WHEREAS**, It is incumbent upon the Legislature and Governor to address and correct the unintended financial consequences districts are experiencing due to Chapter 44 and ensure that all districts share in the anticipated savings.

**NOW, THEREFORE, BE IT RESOLVED** that the Boonton Town Board of Education requests that the State Legislature and Governor provide relief from the increased health care costs experienced by school districts due to the implementation of Chapter 44; and be it further

**RESOLVED**, that relief from Chapter 44 should include direct, short-term assistance from the state to ensure that all school districts are held financially harmless in both the current and subsequent fiscal years; and be it further

**RESOLVED**, that the Legislature and Governor should expeditiously begin to explore long-term structural reforms that reverse the unintended consequences of Chapter 44 and generate lasting savings for school districts, employees and taxpayers; and be it further

**RESOLVED**, that any proposals to amend or revise Chapter 44 include input from all affected stakeholders before moving forward, including feedback from representatives of local boards of education, school business administrators, superintendents, building-level supervisors and school employees; and be it further

**RESOLVED**, that this resolution be delivered to Governor Phil Murphy, State Senate President Stephen M. Sweeney, Assembly Speaker Craig Coughlin; and the Board of Education's Legislative District's representatives in the state Senate and General Assembly; and be it further

**RESOLVED**, that copies of this resolution be sent to the New Jersey Association of School Business Officials and the New Jersey School Boards Association.

Approved by the \_\_\_\_\_ this 8th day of March 2021.

Signed: \_\_\_\_\_