

After Single Payer Setback: Union Members Face Multiple Threats in Vermont

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Liz Nikazmerad is a rarity in American labor: a local union president under the age of 30, displaying both youth and militancy. For the last two year years, she has led the 180-member Local 203 of the United Electrical Workers (UE), while working in the produce department of City Market in Burlington, Vermont. Thanks to their contract bargaining, full-time and part-time employees of this bustling community-owned food cooperative currently enjoy good medical benefits.

But that wasn't always the case in Nikazmerad's past non-union jobs, nor is it any assurance that UE members won't be forced to pay more for their health care in the future. To curb medical cost inflation and related cost-shifting to workers, the UE has long advocated that private insurance plans be replaced with publicly funded universal coverage.

Four years ago, a newly elected Vermont governor, Peter Shumlin, took a promising first step in that direction at the state level. His Democrat-dominated legislature passed Act 48, which laid the groundwork for creating a comprehensive public insurance plan called Green Mountain Care (GMC).

Not all activists deemed GMC to be truly "single-payer," because of potential legal or political obstacles to the inclusion of Vermonters currently covered through Medicare, the Veterans' Administration, and even some "self-insured" plans offered by local employers. However, Act 48's blueprint for getting everyone else into a more rational, cost-effective healthcare system, financed by taxes, was generally hailed as a great breakthrough.

Unfortunately, the Affordable Care Act (ACA) first required Vermont to operate a private insurance exchange until 2017, when a federal waiver permitting further experimentation might be granted. Despite this unhelpful delay, Shumlin was still re-assuring Vermonters, as recently as last fall, that a brighter health care future lay just a few years ahead.

By January 8, when the governor began his third term, that promise had dimmed so much that Liz Nikazmerad and several hundred others weren't there to applaud his inauguration in Montpelier. Instead, frustrated advocates of health care reform staged a sit-in at the state capitol, chanting and singing, unfurling banners and refused to leave in protest against the governor's abrupt abandonment of universal health care six weeks after his re-election.

"People had fought for this a long time," Nikazmerad says. "It was a huge win and to have the rug yanked out like that was very upsetting. People were very emotional about it."

Escalating Labor Protests

By the end of day, the UE leader and 28 others—now known as “The Statehouse 29”—faced multiple criminal charges, including resisting arrest, despite the peaceful nature of their capitol sit-in. The cases against 18 were later dropped; other participants settled by paying a fine or promising to do community service work. Their still controversial reproach to the governor has, since January, become the first in a series of angry labor sorties to Montpelier.

During the current legislative session, the bitter recriminations over the governor’s health care retreat have morphed into broader controversies about workers rights, contract concessions, and what the Vermont Progressive Party (VPP) calls Shumlin’s “austerity budget.” On April 11, 500 state employees, school teachers and other union members rallied at the state house to protest threatened budget cuts and state worker lay-offs. Among the demonstration sponsors were the VPP, the Vermont State Employees Association (VSEA), and the Vermont Workers Center, which is also building for another big labor gathering on May Day in Montpelier.

“I’m tired of being asked to give back more and more of my wages and benefits, “ state highway department plow driver Ed Olsen told the crowd. “The state always wants to balance the budget on the backs of hard-working Vermonters.”

Alison Sylvester, a leader of the Vermont NEA, added her union’s voice to the “Fight Back” rally and hailed public teachers successful defense of their right to strike. After a brief public school work stoppage in South Burlington last fall, Governor Shumlin publicly endorsed the idea of banning such strikes, which have been legal in Vermont for fifty years. It took several months of frantic lobbying by hundreds of teachers to kill this idea, by a two-to-one margin, in a Vermont House vote in early April.

About Face On Single Payer

Shumlin’s most publicized betrayal of past labor allies occurred, with little advance notice, on December 17. That’s when he called a press conference and declared that “now is not the time to ask our legislature to take the step of passing a financing plan for Green Mountain Care.” The 58-year old governor, a multi-millionaire former business owner, had already postponed the day of reckoning on how to fund universal coverage for more than two years, until he was narrowly elected for the third time. (In last year’s gubernatorial race, Shumlin greatly outspent his Republican challenger, but won by only 2,500 votes; his 46 percent showing would not have been sufficient without conservative vote-splitting by a Libertarian candidate.)

The 2015 session of the legislature was expected to take up the challenge of Act 48 financing in January. With the acquiescence of key legislators, Shumlin short-circuited that debate by issuing a highly unfavorable status report of his own, which seemed to validate past single-payer criticism by the Vermont GOP and conservative Democrats.

According to Shumlin, the latest projected cost of universal coverage would double the state budget in its first year alone, while requiring onerous new payroll and income taxes.

“In my judgment,” the governor stated, “the potential economic disruption and risks would be too great to small businesses, working families, and the state’s economy.” The VWC, which helped mobilize statewide support for passage of Act 48 four years ago, countered the governor’s claims by releasing its own plan for financing Green Mountain Care in a manner more equitable than the state’s current market-based system.

One hundred economists endorsed the VWC approach, which relies on progressive taxation. The VWC also struck back with a clever “whiteboard” video, entitled “The Time is Now: Healthcare

Financing for Vermont, Explained in Three Minutes.” But, of course, neither that quick tutorial on health care reform math or the VWC’s full report garnered the media attention—or had the same legislative clout—as Shumlin’s self-demolition of Green Mountain Care.

From bad to worse in Montpelier

In his state budget address in January, Shumlin had another surprise for his past labor friends. He presented the 5,500-member VSEA with a choice between re-opening its current contract and agreeing to give-backs or face hundreds of layoffs. These steps were necessary, he announced, to close a fiscal year 2016 budget deficit, projected to be \$112 million, which soon became the main preoccupation of his administration and its legislative allies.

Legislators representing the Vermont Progressive Party (VPP), the nation’s most successful third party formation, urged their Democratic colleagues to raise needed revenue by capping tax deductions for the wealthiest Vermonters and taxing capital gains on the same basis as earned income. (For more on the VPP, see here.)

Neither the Democratic leadership nor the governor wanted to do that. So his administration is instead seeking \$8.8 million in state worker concessions, and the Democrat-controlled House has already OKed cuts in social programs like heating assistance for low-income households.

In 2008-9, VSEA members agreed to a 3% pay cut, followed by a freeze, under Shumlin’s Republican predecessor. When Shumlin ran for governor in 2010, he promised to be more labor friendly and find better ways to pay for state programs, including the projected single-payer-like plan. Now he is scapegoating unions that backed him and health care reform, complaining that state workers’ scheduled pay hike this year is unreasonably high. “There aren’t too many Vermonters who are getting a 5% increase this year, “ Shumlin told the press on April 11.

The governor’s about-face on Green Mountain Care reflected more than revised estimates of its cost and feasibility. The troubled 2013 rollout of Vermont Health Connect, the state’s ACA-mandated private insurance exchange, adversely affected public perceptions of the longer-term goal of single payer. Among those most upset were lower-income people previously covered by state-subsidized plans who ended up paying more out-of-pocket when insured through the new exchange.

“Over the last few years, the Shumlin administration hasn’t done anything to give Vermonters confidence that we could handle being innovators in health care,” says Chris Pearson, a Progressive state rep and vice-chair of the House Committee on Health Care. “There were just too many bad headlines about the nightmare of enrolling, computer problems and cost over-runs.”

As a result, the popularity of Green Mountain Care is not what it was even a year ago. Pollsters working for the Vermont NEA found 55 percent of those surveyed in favor of the concept then, while 42 percent were opposed. A slight majority remained in favor even if implementation required, as it would, a large tax increase to capture health care system revenue currently coming, in myriad forms, from individuals and employers, in both the private and public sector.

After the recent flurry of negative publicity about Green Mountain Care—much of it generated by Shumlin’s own disputed cost estimates— 64-percent of Vermonters polled in February said they supported the governor’s new position, only 20 percent were opposed, and 10 percent were unsure. Even a majority of Democrats polled said they favored his abandonment of single payer, for the time being.

Inside the state legislature, friends of Act 48 still hope to emerge from this legislative session with an authorized study of the VWC’s financing plan, the governor’s contested findings and a publicly

funded primary care plan that has been proposed by some single payer advocates as an incremental step toward Green Mountain Care.

Organizing Challenges Ahead

Sometime in May, the legislative wrangling in Montpelier over budget cuts, health care, and workers rights will be over for this year. But the challenges facing Vermont Progressives and labor-community organizers will remain daunting. Chief among them is sustaining a now seven-year-old campaign to make “healthcare a human right” after such a demoralizing setback. While continuing to assist private and public sector workers involved in strikes and contract fights, the Vermont Workers Center plans to do more grassroots organizing around the shortcomings of Vermont Health Connect coverage.

Within the VPP, its statewide organizer Kelly Mangan has “gotten a lot of member feedback about running a candidate for governor next year.” This is something her third party refrained from doing in the last three election cycles, to avoid putting a Republican in office—who would have opposed Act 48 from the outset or shelved it sooner than Shumlin did.

Now, the growing estrangement of labor voters from the Democrats could lead to Shumlin’s replacement by a Republican. One likely candidate for the job is Lieutenant Governor Phil Scott, the affable GOP incumbent who defeated Vermont Progressive Party (VPP) candidate Dean Corren last November by a 62 to 34% margin, with no Democrat on the ballot.

Any backlash against Vermont Democrats next year, though, might be salvaged by further VPP legislative gains. Last fall, seven Progressive state reps and three senators were elected, creating the VPP’s largest delegation in Montpelier ever. In March, Progressives captured four seats on the Burlington City Council, where the VPP has jostled with a centrist Democrat mayor.

But, next year, personal health problems may prevent state senator Anthony Pollina, the VPP’s most experienced statewide standard-bearer, from running for governor. (In 2008, he placed second in a three-way race). At the moment, Vermont’s most successful progressive politician, U.S. Senator Bernie Sanders, seems more intent on seeking executive office higher than any available in Montpelier, where, as governor, he could help get Vermont back on the single-payer road.

In his not-yet-official campaigning for the White House, Sanders speaks regularly to out-of-state audiences about the need for a “political revolution.” Unfortunately, on his own home turf, the wrong kind of one may be brewing, fed by working class alienation from business-oriented Democrats.

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