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**Testimony in support of:**

***HB 7010: An Act Concerning Paraeducators***

Senator McCrory, Representative Leeper, Senator Berthel, Representative Zupkus, and distinguished members of the Education Committee:

Thank you for raising and affording me the opportunity to testify in support of House Bill 7010: An Act Concerning Paraeducators.

The bill before you today would extend the Paraeducator Subsidy Program for Fiscal Year (FY) 2026, mandate the inclusion of paraeducators into the Municipal Employees Retirement System (MERS) or the BOE's current retirement plan, and require my office to annually reimburse boards of education at least 50% of the employee contribution cost.

In 2023, the General Assembly tasked my office to create a subsidy to assist paraeducators who were enrolled in a High Deductible Health Plan (HDHP) with their local/regional board education. Initial funding for this subsidy came from the passage of the last biennium budget which allocated a total of \$5 million for the Program. Data collection revealed that out of the ~12,000 paraeducators in the state, 4,425 of them were enrolled in a HDHP provided by their district. Based on this, our office provided these paraeducators with assistance that covered roughly 70% of their out-of-pocket costs with average savings ranging from \$776.86 for individuals up to \$1,480.72 for families. These payments were disbursed into each paraeducator's Health Savings Account (HSA) or Health Reimbursement Account (HRA).

In 2024, the Paraeducator Subsidy Program was renewed once again. Through the allocation of one-time funds, 2024's program was given an additional \$5 million to also cover paraeducators who are enrolled in a traditional co-pay/Preferred Provider Organization (PPO) plan through their district along with \$5 million to continue 2023's subsidy. Paraeducators who were on these co-pay/PPO plans received a roughly 30% discount on their annual premium by reducing the corresponding payroll deduction. In total, 7,246 paraeducators received assistance on their health plans in FY 2024.

Extending the Paraeducator Subsidy Program would provide an immense public benefit that would outweigh its costs. Recent challenges have placed paraeducators in a tenuous position. In a 2021 study, 60% of paraeducators in the state only make between the minimum wage and \$22 an hour. On top of this, 66% of paraeducators on their district's health insurance must spend at least 10% of their wages to cover it. In 2022, over 1,300 total vacancies were reported with 965 of them being for special education students. Combined with an attrition rate that has tripled from 8% in 2009 to 23% in 2022, it is clear that paraeducators require more support.

Paraeducators, who are often critical in providing special education services, have been proven to positively affect student outcomes. A nationwide 2021 study found a strong relationship

between paraeducator staffing levels and student achievement. These outcomes became even more pronounced when looking at minority students and those who come from distressed municipalities.

As our paraeducators are underpaid and struggle to afford their benefits, it is important that our state does the best it can to ease their financial burdens. As such, I am in full support of this bill's provision to include paraeducators in MERS or an equivalent and require boards of education to fully cover the contribution costs. However, any integration of paraeducators into MERS presents a few logistical challenges that would need to be worked out:

- The inclusion of an entire job class into MERS would require additional resources as there will a fiscal impact in onboarding and integrating paraeducators into our system. These start up costs, however, would be temporary.
- MERS participation is restricted to employees that customarily work greater than 50% of a schedule. Given the temporary and variable nature of many paraeducator positions, policing that requirement with this population will present challenges. That burden would be an ongoing one.
- Our Retirement Services Division would need more information to evaluate the requirement that we reimburse boards of education for paraeducators' pension costs. If 100% of the required employee and employer contributions are paid into and remains in the fund, we can develop a system to calculate reimbursements. That being said, my office would need additional resources to create such a system.

Over the long term, including paraeducators in MERS would be beneficial from an actuarial perspective. Paraeducators would represent a younger, healthier, and more temporary job class compared to the MERS population as a whole. These factors would all tend to produce actuarial gains.

By passing HB 7010, we will send a strong message to our state's paraeducators that their government values their contributions and will do everything it can to support their work. Through my travels across the state, I have seen first-hand the transformational impact that the Paraeducator Subsidy Program has had. Extending the Program for another fiscal year along with including paraeducators into MERS or an equivalent will retain our current paraeducators while also helping to recruit even more of them.

Thank you for the opportunity to testify in support of HB 7010. I look forward to working with members of the committee on this issue this session.

All the best,

A handwritten signature in black ink, appearing to read "Sean Scanlon". The signature is fluid and cursive, with the first name "Sean" being more prominent than the last name "Scanlon".

Sean Scanlon

State Comptroller