



**Saint Paul**  
PUBLIC SCHOOLS

Board of Education  
360 Colborne Street  
Saint Paul, MN 55102-3299

Independent School District 625

Telephone: (651) 767-8149 Fax: (651) 290-8331

July 19, 2019

Nick Faber, President  
Saint Paul Federation of Educators  
23 Empire Drive  
Saint Paul, MN 55103-1856

Dear Mr. Faber:

This is in follow up to our recent conversation regarding the Saint Paul Federation of Educators' ("SPFE") decision to withdraw from the School District-sponsored insurance program and enter into the Public Employees Insurance Program ("PEIP"). As we discussed, this decision will have very real and very significant financial harm; not only to the School District as an entity, but also to the School District's 1,500 other employees and, most importantly, our 37,000 students. It is our hope that you and SPFE will work with us to mitigate this harm.

Last year, the School District entered into a two-year contract for health insurance with HealthPartners. By entering into a multi-year contract, the School District obtained preferred rates. HealthPartners offered these preferred rates largely because of the sizeable pool of participants. The School District based its budget, budget forecasts, and collective bargaining proposals on these guaranteed numbers. As you know, SPFE was part of the Labor-Management Committee for Health Insurance that voted unanimously in favor of selecting the HealthPartners proposal. If SPFE had informed the School District that it intended to exit the School District's insurance plan a full year early, the School District would not have entered into the contract.

SPFE's precipitous withdrawal from the School District's insurance plan jeopardizes the HealthPartners contract and the benefits of the bargain to the School District. The decrease in participants negates the School District's eligibility for the preferred rates. It entitles HealthPartners to impose an over \$4,000,000 penalty that will come due on the first of the year. With respect to the remaining School District employees, 98% of whom belong to other labor unions, HealthPartners has informed the School District that their premium rates will increase by 22% next year.

Simply stated, the School District does not have the ability to withstand these sudden, unexpected, and unbudgeted costs. Just last year, the School District asked its residents to invest in its students, programs, and staff through an increased operating referendum. SPFE was a critical partner in ensuring the referendum's passage. The fees HealthPartners intends to assess will constitute almost 25% of those new funds.

The School District again seeks SPFE's partnership to address a critical financial situation. The School District requests that SPFE delay implementation of the transfer to PEIP for one year – until January 2021. This will enable the School District to avoid the significant financial consequences that will result and enable the School District to solicit proposals for a new insurance plan. Most importantly, it will enable School District resources to remain where they belong: with our students.

We appreciate your consideration of this matter and hope that SPFE will continue to work with us to the betterment of all students enrolled in Saint Paul Public Schools. We welcome you to contact us for further discussion.

Sincerely,

Joe Gothard  
Superintendent

Zuki Ellis  
Chair, Board of Education