



August 16, 2019

**Via U.S. Mail & E-mail**

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

Josh Loahr, Business Agent  
Teamsters Local 320  
3001 University Avenue, #500  
Minneapolis, MN 55414

RE: *Response to Proposal from SPFE and Teamster Local 320*

Dear Mr. Faber and Mr. Loahr:

We are deeply disappointed by substance and tone of your August 13, 2019 correspondence. The proposed memorandums of understanding from Saint Paul Federation of Educators (“**SPFE**”) and Teamster Local 320 (“**Teamsters**”) are merely attempts to renegotiate existing collective bargaining agreements or set bargaining terms outside of normal contract negotiations for the next contract. Saint Paul Public Schools (the “**School District**”) simply cannot allow any union to bargain in bad faith while using other School District employees, School District students, and Saint Paul taxpayers as leverage. The School District has no choice but to reject this proposal.

Our obligation is to our community as a whole and, above all else, to our students. The School District estimates the cost of your proposal to be \$3,600,000 before factoring in the absolute inequity that would result if the additional contributions were not extended to other bargaining units. Even if the School District agreed with your calculations, a proposal cost of \$1,500,000 is still unbudgeted and would result in cuts or reallocation from other key budget priorities decided upon through the School District’s normal budgeting process. This is an unacceptable outcome.

As an active participant in the selection process for health insurance, SPFE and Teamsters have always been acutely aware that the School District has a contract with HealthPartners that lasts through the 2020 plan year. The School District relied on the representations of SPFE and Teamsters during the Labor-Management Committee selection process before entering into the two-year contract with HealthPartners. Your letter argues for the sanctity of a democratic process. Yet, both SPFE and Teamsters seem fully willing to subvert the established democratic process of the Labor-Management Committee in their own self-interests. That is an unfortunate break in a well-established collaborative norm.

Your letter further claims that the decision to participate in the Public Employee Insurance Program (“**PEIP**”) was made through a “thoughtful and carefully researched process”. Yet, in the very next paragraph you assert that SPFE and Teamsters did not review a publicly available contract that was executed in July 2018 as a result of the ultimately unanimous recommendation of the Labor-Management Committee in which both unions were active participants. These two assertions cannot coexist. Either the process was “thoughtful and carefully researched” and SPFE and Teamsters were fully aware of the potential consequences of breaching the HealthPartners contract or the process failed to review the most relevant publicly available documents.

Your oft-repeated assertion that the School District is unwilling to put sufficient effort into challenging HealthPartners regarding the early termination fee is dubious at best. The School District has had multiple conversations with HealthPartners asking that it waive, renegotiate, or otherwise compromise on the early termination fee provision. As you heard for yourselves, HealthPartners has consistently stated, in no uncertain terms, that it will hold the School District to the terms of the contract.


Moreover, a review of the PEIP statute and the Multiyear Health Plan Agreement (“**HealthPartners Contract**”), attached for reference, belies your belief that state law requires termination of the contract. Specifically, you have pointed to Section 3.4 of the HealthPartners Contract, which provides, in part, that “[i]n the event state or federal law requires the School District to terminate this Agreement, HealthPartners may waive some or all of the Rate Differentials, in its sole discretion.” SPFE and Teamsters arguments relating to this provision miss the mark. Participation in PEIP is subject to the conditions set forth in Minn. Stat. § 43A.316. The plain language of Minn. Stat. § 43A.316 does not require any specific timeline for the School District to transition SPFE or Teamster’s memberships to PEIP. Rather, it only requires a joint notice from the exclusive representative and employer “at least 30 days before entry into the program.” In other words, the plain language of Minn. Stat. § 43A.316 does not require the School District to terminate the HealthPartners Contract leaving Section 3.4 entirely inapplicable.

In light of the clear discretion imparted by the plain language of the statute, the School District cannot and will not voluntarily breach the HealthPartners Contract or voluntarily allow SPFE, Teamsters, or any other exclusive representative to inflict the harmful consequences of a breach upon its students, staff, and taxpayers.

There is a very simple resolution available to move past this dispute. Everyone involved should just keep their promises. If applied, HealthPartners will provide the health coverage in exchange for the rates promised by the contract. The School District will provide the premium contributions promised by the collective bargaining agreements. SPFE and Teamster members will have quality health insurance coverage for 2020 and will be able to move to their now preferred plan in 2021. The democratic will of the Labor-Management Committee will be honored. Other School District employees will not face a drastic 22% premium rate increase. The School District will avoid an unbudgeted \$4,000,000 expense and procure health insurance coverage for 2021 through a normal RFP process. This entire dispute was, and still is, entirely avoidable.

We look forward to facilitating a smooth and cooperative transition for memberships of SPFE and Teamsters to PEIP in January 2021 and hope that all parties can refocus their time and energy on our students for a successful upcoming school year.

  
Joe Gothard  
Superintendent

  
Zuki Ellis  
Chair, Board of Education

Attachment