



Bi-Annual Department Director Report

Director Name: Terri Smith

Department: Human Resources

Date: April 28, 2026

Section 1: SWOT Analysis

Strengths

- Mission-aligned staff supporting culture, consistency, and retention
- Established HR systems (Frontline, Skyward, Employee Navigator) enabling efficient, data-informed operations
- Stable, expanded benefits program with no carrier disruptions and cost containment strategies

Weaknesses

- Turnover risk, especially among licensed staff and support roles
- Budget timing limits proactive planning
- Operational inefficiencies due to manual processes
- Inconsistent or undocumented practices leading to employee relations issues

Opportunities

- Launch compensation benchmarking aligned to strategic planning
- Staff intranet development w/Technology team
- Evaluate a calendar-year benefits cycle
- Explore wellness initiatives and grant opportunities

Threats

- Competition from districts with stronger compensation and benefits
 - Teacher shortages reducing candidate pools
 - Increased usage of MNPFL staffing impacts
 - Employee affordability concerns impacting retention
-

Section 2: Addressing Weaknesses & Threats

- Conduct compensation benchmarking to assess market position
 - Develop a long-term compensation strategy with internal and/or external input
 - Better align budget timelines with compensation and benefits planning
 - Improve operational efficiency through prioritization and system use
 - Standardize and document processes to ensure consistency
-



Section 3: Budget / Department Planning

- Initiate compensation benchmarking to inform future strategy
 - Continue targeted benefit cost management strategies:
 - Plan design review
 - Benefit year cycle evaluation
 - Increased HSA and telehealth utilization
 - Monitor high-cost claims and pharmacy trends
 - Maintain current benefits structure while evaluating future options
 - Leverage system tools (Employee Navigator, Kept, Aviben) to improve efficiency and experience
-

Section 4: Additional Notes & Future Planning

Next Steps / Priorities

- Communicate benefit updates clearly to staff
- Compensation Plan approval & staff compensation agreements
- Monitor recruitment and retention trends
- Year-end wrap-up processes
- Evaluate a calendar-year benefits cycle
- Plan for compensation benchmarking

Future Considerations

- Align compensation strategy with benchmarking results
 - Continue assessing benefits competitiveness and affordability
 - Enhance employee experience while managing costs
-

Board Action Requested

Approve FY27 benefit renewal recommendations (detailed in Section 5):

- Medical: +10% (negotiated from 15%)
- Dental: +4.6%
- Vision: 0% (rate guaranteed through 7/1/2027)
- Nice Healthcare: \$40 PEPM (option to lock 2-year rate via prepayment)
- Kept: COBRA TPA transition
- Aviben: Addition of 403(b) TPA



Section 5: FY27 Benefits Renewal (Effective July 1, 2026)

St. Croix Prep's employee benefits renew annually on July 1. The following outlines the results of the FY27 renewal process and recommendations.

Group Medical

The school completed a competitive bid process for group medical insurance through USI, our broker. Blue Cross Blue Shield (BCBS), the incumbent carrier, submitted the only proposal. Aetna, HealthPartners, and Medica were invited to bid but declined.

BCBS presented an initial renewal increase of 15%, which was negotiated down to a 10% aggregate increase. This is a modest increase compared to prior years and reflects current claims experience.

Renewal history:

- FY26: 8%
- FY25: 21.2%
- FY24: 15%
- FY23: 10%
- FY22: -1.69%

The current loss ratio is 93.5%, a notable increase from 64.1% in FY25, indicating higher utilization. Loss ratio = Total claims paid ÷ Total Premiums Paid. Our loss ratio is currently considered high (90-110%+) resulting in increased premiums for our renewal.

Other key cost drivers include:

- High-cost claims: Four individuals have exceeded the \$85,000 pooling point as of December 2025, representing 37.8% of total claims.
- Prescription drug spend: Accounts for 34% of total claims, above the typical 25-30% range.

Premium increases will be shared between the school and employees, with impact varying by plan selection. Employees may see lower costs if they elect an HSA-qualified plan. The spousal surcharge of \$100 per employee per month will remain in place.

Nice Healthcare (Telehealth)

The monthly rate will increase slightly from \$39 to \$40 PEPM. A two-year rate guarantee is available with a prepaid arrangement, consistent with prior cost-saving strategies.



This benefit, introduced in FY24, continues to be well utilized and supports lower overall medical claims.

Dental

Dental coverage with HealthPartners will renew with a 4.6% increase, consistent with recent trends.

Renewal history:

- FY26: 4.0%
 - FY25: 4.2%
 - FY24: 4.5%
 - FY23-FY22: 0% (rate guarantee)
-

Vision

Vision coverage through VSP will renew with no rate increase and is guaranteed through July 1, 2027. This remains a voluntary, employee-paid benefit.

Additional Benefit Updates

- COBRA Administration: Transitioned to Kept TPA to allow for EDI integration with Employee Navigator as well as an enhanced off-boarding experience.
 - 403(b) Plan: Added Aviben as a third-party administrator alongside Money Geeks, expanding investment options beyond Aspire.
 - Life, AD&D, and LTD: Moved to MetLife effective January 1, 2026, with a three-year rate guarantee (no action required).
 - Benefits Platform: Employee Navigator replaced Benefit Solver effective January 1, 2026.
-

Minnesota Paid Family Leave (MNPFL)

The school secured a premium rate of 0.79%, below the state rate of 0.88%. Costs are shared equally between the school and employees. The employer cost for Q1 2026 is \$9,528.81.

Open Enrollment

Open enrollment is scheduled for May 11-15, 2026. Board approval in April is required to finalize rates and prepare enrollment materials.



Future Consideration

Administration will evaluate shifting to a calendar-year benefits cycle, which may:

- Improve employee engagement during enrollment.
 - Align more effectively with the school's budgeting process.
-

Summary

- Medical renewal reflects increased utilization but remains moderate relative to claims experience.
- No disruptive carrier changes recommended this cycle.
- Overall benefits program remains stable and competitive.