

**A GRIEVANCE ARBITRATION PROCEEDING  
PURSUANT TO AN AGREEMENT OF THE PARTIES**

In the Matter of a Controversy Between

**SACRAMENTO CITY TEACHERS ASSOCIATION, CTA/NEA,  
Grievant**

and

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT,  
Employer**

**Health Benefits Dispute (Article 13.1.1) AAA Case No. 01-19-0002-8830**

**Arbitrator**

**Carol A. Vendrillo, Esq.**

**August 21, 2020**

***Appearances:***

*For the Grievant:*

Jacob F. Rukeyser, Esq.  
California Teachers Association  
1705 Murchison Drive  
Burlingame, CA 94010

*For the Employer:*

Sloan R. Simmons, Esq.  
Erin M. Hamor, Esq.  
Lozano Smith  
One Capitol Mall, Suite 640  
Sacramento, CA 95814

## **INTRODUCTION**

The Sacramento City Teachers Association and the Sacramento City Unified School District are parties to a collective bargaining agreement that includes at Article 13.1.1 a provision concerning health benefits. The Association filed a grievance on June 4, 2019, alleging that the District violated Article 13.1.1.

An evidentiary hearing was conducted by the undersigned Arbitrator in Sacramento, California, on February 25, May 27, May 28, May 29, and June 2, 2020. The parties introduced documentary evidence; witnesses were called to provide sworn testimony during both direct and cross-examination. Verbatim transcripts of the hearings were prepared by a court reporter. On or about July 24, 2020, the parties filed closing briefs and the matter was deemed submitted.

## **ISSUE**

Per stipulation of the parties, the issues are framed as follows:

Did the District violate Article 13.1.1 by failing to apply to the certificated bargaining unit any health benefit plan savings? If so, what is the appropriate remedy?

## **FACTUAL SUMMARY**

The history of this dispute dates back to the 2014-2015 school year when the District unilaterally changed health benefit plans to generate budget savings. The Union successfully challenged that action. That experience was instructive; the change in health plans resulted in cost savings.

Negotiations for a successor agreement got underway in October 2016, and spanned more than a year. The District's team consisted of Scott Holbrook, lead

negotiator and attorney; Ted Appel, then Assistant Superintendent of Labor Relations; Cancy McArn, Chief Human Resources Officer; Cindy Nguyen, then Director of Employee Relations; Tu Moua, Instructional Assistant Superintendent; Dr. Iris Taylor, then Chief Academic Officer; and Mary Harden Young, Instructional Assistant Superintendent. SCTA's team consisted of President David Fisher, First Vice President Niki Milevsky, and Executive Director John Borsos. In addition, many individual bargaining unit members attended some of the bargaining sessions.

Even before negotiations got underway, the parties discussed working with the California Education Coalition for Health Care Reform (CECHCR). CECHCR is part of the Center for Collaborative Solutions (CCS). It advises school districts and labor organizations on health care benefit options and costs. Janet Walden is the president and CEO of CCS.

Mr. Borsos for the Union and Mr. Appel for the District approached CECHCR for its assistance at reducing health care costs. The parties' first meeting with CECHCR was on October 4, 2016. During October and November, while the parties primarily focused on non-economic proposals, they continued to discuss the status of their joint commitment to work with CECHCR.

In the morning of December 12, 2016, the parties met with CECHCR CEO Walden to receive its preliminary assessment of potential health benefit cost reductions. Ms. Walden made a presentation that included a discussion of options by which the District could achieve on-going health benefit savings by entering a larger health benefit purchasing pool, such as CalPERS, or changing health plans.

Later that day, the parties engaged in a bargaining session during which the Union passed its first economic proposal that addressed employee benefits. This included at Article 13.1.1 the following language:

The Board shall provide all eligible employees with a choice of the Kaiser Plan and mutually agreed upon alternative plan(s), which is currently HealthNet. ~~Health Net EW~~. Summary plan descriptions of the health plans will be included in Appendix A. The level of benefits of the plan (e.g. out of pocket maximums, co-payments, services covered, networks scope, etc.) may not be reduced and the providers may only be changed through mutual agreement of the parties. The parties agree that any savings that result from making changes to health plans or in the reduction of health plan costs will be applied to the certificated bargaining unit. The parties will negotiate how to apply to the bargaining unit any such savings achieved by the District. Savings shall be defined as any total amount per plan that is lower on an actual or budgeted basis. The annual anniversary date for health plan changes will be July 1st.

(Union Exhibit 4.)

The parties disagree about what occurred at this session. As discussed more fully below, the District asserts that Mr. Borsos merely read the proposed language of Article 13.1.1 out loud and asked the District if there were any questions; there were none, and the parties moved on. The Union contends that Mr. Borsos explained what the language means, including that the savings that would be applied to the bargaining unit consisted of more than savings that resulted from a change in plans or pools.

On December 17, 2016, CECHCR provided its first “back-of-the-envelope” health benefits savings estimate to the parties. Ms. Walden said the parties could achieve the most significant savings by moving to a larger purchasing pool like CalPERS.

The parties’ negotiations continued. At a bargaining session on January 30, 2017, the District passed a counterproposal to Article 13.1.1. It read:

*The parties agree to participate in identifying a mutually agreed upon health benefits pool, based upon recommendations provided by CECHCR, which will include the choice of Kaiser and alternative plan(s). Effective July 1, 2017, [ADD] The Board shall provide all eligible employees with a choice of the Kaiser Pan and a mutually agreed upon alternative plan(s), which is currently HealthNet, from the mutually agreed health benefits pool. [ADD] Health-Net EW- [OK] Summary plan descriptions of the health plans will be included in Appendix X. The level of benefits of the plan (e.g. out of pocket maximums, co-payments, services covered, networks scope, etc.) may not be reduced and the parties agree that any savings that result from making changes to health plans or in the reduction of health plan costs will be applied to the certificated bargaining unit. The parties will negotiate how to apply to the bargaining unit any such savings achieved by the District. Savings shall be defined as any total amount per plan that is lower on an actual or budgeted basis. [REVISE] The annual anniversary date for health plan changes will be July 1st. [OK]*

(District Exhibit Y.)

As was customary, the District provided SCTA with a narrative that explained its proposal. The January 30, 2017, narrative noted that any savings generated by working with CECHCR to join the CalPERS pool would be applied to the SCTA bargaining unit.

The parties continued to negotiate, but in March 2017, at SCTA's request, the Public Employment Relations Board declared the parties had reached a bargaining impasse. In April and May 2017, the parties engaged in mediation without success. The mediator certified the parties to fact-finding on May 18, 2017.

The parties engaged in pre-fact-finding negotiations and continued their discussions with CECHCR. On September 4, 2017, CECHCR provided the parties with an updated "back-of-the envelope" savings estimate showing that even in the worst-case scenario, a move to the CalPERS pool would yield significant health benefit savings.

The parties met every day during the week of September 11, 2017. On September 15, 2017, the District proposed to add the following language to Article 13.1.1: “The District and SCTA agree to negotiate in good faith to effectuate on or before July 1, 2018, reductions in health insurance premiums with the understanding that our joint goal is not to reduce benefits but to pursue cost reductions that maintain comparable benefits.” (District Exhibit TT.) SCTA rejected that language.

Late in the evening on September 15, 2017, the parties reached a tentative agreement on Article 13.1.1. It added the “to effectuate” language and deleted the “or budgeted” language (District Exhibit XX). The agreed-upon first sentence read: “The District and SCTA agree to negotiate in good faith to effectuate on or before July 1, 2018 changes to the health plan consistent with this section.” (Union Exhibit 20.)

Despite the tentative agreement on Article 13.1.1, the parties had yet to reach agreement on a successor contract. Fact-finding ensued. On November 5, 2017, with the assistance of Sacramento Mayor Darrell Steinberg, the parties signed a “Framework Agreement” that lead to a contract settlement (District Exhibit UU). The parties agreed “that the application of savings as set forth in the parties tentative Article 13.1.1 agreement will determine the available funds to achieve the agreed upon goals. If the funds are not sufficient to meet the goals, the parties will negotiate priorities.” (Union Exhibit 22.)

The District’s Board of Education voted to approve the parties’ contract on December 7, 2017. SCTA members approved the tentative agreement on December 11, 2017.

Throughout the spring of 2018, the parties continued to work with CECHCR to achieve health benefit savings. Timelines provided to the parties by CECHCR included the July 1, 2018, date as the deadline to make the move to the new health care benefit purchasing pool. As discussed more fully below, the parties dispute whether the July 1, 2018, date was a firm deadline or an administratively convenient date. In any event, July 1, 2018, came and went without any changes to health plans or pools.

The parties continued to exchange correspondence. Superintendent Jorge Aguilar invited the Union to resume discussions and select a new timeline to make benefit changes. In December 2018, the Union presented the District with a proposed draft MOU contemplating that the parties work together with CECHCR to transition the purchase of health insurance for SCTA-represented employees to CalPERS effective July 1, 2019, in exchange for which funds would go toward mutually agreed upon priorities.

During this time, SCTA informed the District of its entitlement to dollars flowing from reduced renewal rates to existing health plans due to market rate fluctuations (Union Exhibit 31 and 39). Superintendent Aguilar rejected that reading of Article 13.1.1.

On June 4, 2019, SCTA filed a grievance alleging that the District violated Article 13.1.1. The District denied the grievance following the Level I grievance meeting on June 19, 2019 (District Exhibit JJJ). On August 21, 2019, the parties executed a settlement agreement pledging to use the labor arbitration procedure in their collective bargaining agreement to resolve this dispute (Union Exhibit 2). This arbitration followed.

### **PARTIES POSITIONS**

*The Union's position.* The plain language of Article 13.1.1 demonstrates that the District's duty to apply "any" health benefit savings to the SCTA bargaining unit is not

conditioned on health plan changes executed by July 1, 2018. The parties' bargaining history supports SCTA's claim. At the time the District proposed the "effectuate" language, it did not say the new language conditioned SCTA's claim to health benefit savings on the parties effectuating health plan changes by that date. What District negotiators may have understood Article 13.1.1 to mean is irrelevant. The District did not propose the inclusion of qualifying language to Article 13.1.1.

Between the time the parties reached their tentative agreement on Article 13.1.1 and July 1, 2018, the District did not hint that SCTA would forfeit health benefit savings if the parties did not make a health plan change.

The Arbitrator should interpret the contract to avoid depriving the SCTA bargaining unit of the health benefit savings the parties negotiated. Any ambiguity should be construed against the District.

The parties' agreement applies to any health benefit savings regardless of how they are realized, not just those resulting from a change in a plan or pool. Given the broad language of Article 13.1.1, SCTA negotiators were not required to explicitly state that the Union's proposal would apply in the event that market forces resulted in the reduction of health plan costs. The District witnesses' testimony about their understanding of Article 13.1.1 is immaterial.

The District must apply savings realized in one plan, even if savings are offset by cost increases to another plan, because savings is calculated "per plan."

*The District's position.* The plain reading of Article 13.1.1 demonstrates that *changes* to health benefit plans or to the pool is the only mechanism by which health benefit cost savings could be achieved. The bargaining history supports this view. The



District shared its bargaining priorities with SCTA, including the goal of achieving ongoing savings. That was the purpose of engaging with CECHCR.

When SCTA passed its proposal on Article 13.1.1 on December 12, 2016, and thereafter, neither Mr. Borsos nor any member of the SCTA bargaining team said that savings could be achieved other than through changes to health benefit plans or pools. SCTA did not put forth its theory that savings encompassed year-to-year fluctuations in renewal rates for existing health plans until after the July 1, 2018, deadline passed. Mr. Borsos's testimony that he shared this view with the District bargaining team lacks credibility and is supported by no other witnesses' accounts.

The District insisted and SCTA agreed that health benefit changes necessary to achieve savings must occur by July 1, 2018. The "effectuate" language is not surplusage and must be given meaning. The yearlong discussions with CECHCR support that July 1, 2018, was a hard contractual deadline. Because no charges were made either before or after July 1, 2018, no savings exist within the meaning of the contract. The District's conduct after July 1, 2018, is irrelevant.

SCTA's lack of trust in the District is irrelevant to the proper interpretation and implementation of the contract language. The District was not required to give SCTA notice that the July 1, 2018, deadline was approaching.

## **DISCUSSION**

*Timeliness.* This dispute is not time-barred, as the District asserts. This arbitration is founded on the parties' settlement agreement signed by SCTA President Fisher and Superintendent Aguilar on August 21, 2019, in partial resolution of two unfair practice charges filed with PERB concerning the District's compliance with Article 13.1.1 (Union

Exhibit 2). In that document, the District did not reserve any procedural challenges, such as timeliness, to a resolution on the merits.

*Merits.* By operation of Article 13.1.1, SCTA is not entitled to any health benefit savings achieved through a change in health benefit plans or pools because the parties have not agreed to any such changes, either before or after July 1, 2018. Nor does a fair reading of Article 13.1.1 entitle SCTA to savings in health care costs that result from reductions in renewal rates to existing health benefit plans.

*July 1, 2018 date.* As noted above, irrespective of the “effectuate on or before July 1, 2018” language in Article 13.1.1, because the parties have not agreed to a change in health benefit plans or pools, no savings have resulted through that mechanism. However, that language would operate to exclude savings from any other potential application of Article 13.1.1.

The first sentence of Article 13.1.1 establishes the parties’ agreement to engage in good faith negotiations “to effectuate on or before July 1, 2018, changes to the health plan *consistent with this section.*” Contrary to the Union’s argument, the italicized phrase does not qualify or flag the “any savings” language of Article 13.1.1. The “consistent with” language instructs that changes put in place by July 1, 2018, would offer a choice of the Kaiser plan and a mutually agreed upon alternative plan; would be described in Appendix A; would not reduce the level of benefits; would direct savings to the certificated bargaining unit; would require negotiations over how to apply those savings, defined in terms of actual costs; and would establish the annual anniversary date for health plan changes as July 1. The consistency called for is to *all* of Article 13.1.1, including its focus on changes to health benefit plans or pools, as discussed below.

The District was not required to provide notice to SCTA that the July 1, 2018, was a hard and fast deadline or that the Union would miss out on savings if the plan or pool changes were not implemented by that date. The requisite notice was supplied to SCTA in the first sentence of Article 13.1.1. It is abundantly clear that the parties and CECHCR were working with that date firmly in mind.

SCTA emphasizes that District negotiators Jack Parham and Scott Holbrook never explicitly told the Union the July 1, 2018, date was a firm deadline after which the District's obligation to direct savings to the bargaining unit would be extinguished. The Union claims the District's "inexplicable silence" only makes sense if the District did not believe its contractual obligation was conditioned on effectuating health plan changes by July 1, 2018. Not so. Then and now, the District understood, consistent with the first sentence of Article 13.1.1, that the only mechanism to generate savings was to effectuate changes to the health benefit plan by July 1, 2018. The District's "silence" is explained by the "effectuate" language of Article 13.1.1 and its understanding – based on SCTA's silence – that the Union was not asserting it was entitled to cost savings generated by fluctuations in renewal rates for existing plans. In other words, there was no need to tell the Union the July deadline impacted all mechanisms for savings because only those accomplished by one mechanism – changes to the health plan – would be directed to the bargaining unit.

Superintendent Aguilar's post-July 1, 2018, communications with the Union expressing hope that the parties would resume discussions and comply with the language of Article 13.1.1 did not extract the July 1, 2018, language from the agreement. The parties were not precluded from working toward health benefit changes after that date. In

fact, the proposal SCTA presented to the District on December 14, 2018, suggesting that the parties work with CECHCR to transition to the CalPERS pool effective July 1, 2019, acknowledges that the Union was willing to negotiate a new agreement with a *later deadline* in exchange for funds to be applied to the SCTA bargaining unit.

SCTA also points to the District’s response to a PERB filing as evidence that the July 1, 2018, deadline did not extinguish the Union’s claim to savings. In its unfair practice charge, SCTA claimed the District violated the Educational Employment Relations Act by failing to apply health cost savings to SCTA’s members in accordance with Article 13.1.1 or to bargain over the issue. Consistent with its position here, the District’s response to PERB was that until changes to the health plans are actually implemented and cost savings realized, it has no obligation to apply health cost savings to the certificated bargaining unit. That position does not remove the July deadline from the agreement reached on September 15, 2017. It relies on it.

The fact remains that in unambiguous language, the parties agreed to *effectuate* – put in effect – on or before July 1, 2018, *changes* to the health plan. The District needed *and got* a firm commitment from SCTA to effectuate changes by a date certain. The changes needed for SCTA to benefit from those savings did not occur.

*SCTA’s claim to ‘any savings.’* The Union’s central claim to funds rests on the language that entitles it to “any savings”...“in the reduction of health care costs...” It is an undisputed principle of contract interpretation that the meaning of a contested phrase be read in light of other parts of the instrument. (See, Elkouri and Elkouri, *How Arbitration Works*, Chapter 9.3.A.) When this clause is read together with other provisions of Article 13.1.1, the interpretation advanced by SCTA is not persuasive.

In the first sentence, Article 13.1.1 documents the parties' agreement to negotiate in good faith "to effectuate on or before July 1, 2018, *changes* to the health plan consistent with this section." As noted above, although the parties did not achieve that goal, that sentence introduces the focus of the parties' agreement on changes to the health plan.

The next sentence of Article 13.1.1 promises eligible employees a choice of the Kaiser Plan and "mutually agreed upon *alternative* plan(s)..." The agreement ensures that the level of benefits may not be reduced and "the providers may only be *changed* through mutual agreement of the parties." Again, the mutual agreement to "alternative" plans and "changed" providers points to changes in the plan. This is consistent with SCTA's objective. Frustrated with the District's earlier unilateral change to health plans, the language it proposed ensured that Union that the level of benefits would not be reduced and that providers would only be changed through mutual agreement.

Although addressing different topics, the language of Article 13.1.1, read together, leaves little doubt that the parties were intending to negotiate *changes* to the existing health benefit plan and to have any savings generated from those changes applied to the SCTA bargaining unit.

Rather than giving meaning to the language of the entire agreement, SCTA focuses on the statement that "any" savings that result from "the reduction of health plan costs will be applied to the certificated bargaining unit." This reading of the contract ignores all the references to plan changes noted above. It purports to introduce in the middle of the fifth sentence of Article 13.1.1 an entirely separate mechanism for achieving health care cost savings not mentioned elsewhere in the language. Savings

from “any” health benefit costs is not a standalone, independent provision. To go further and suggest that the cited language captures year-to-year reductions in renewal rates of existing plans is not plausible.

The proper interpretation of contract language is further guided by the purpose the parties intended to achieve. Pre-contract discussions and bargaining history elucidates that purpose. (See, Elkouri and Elkouri, *How Arbitration Works*, Chapter 9.3.A.) These principles support the District’s interpretation of the language of Article 13.1.1.

The District pays 100 percent of health benefit costs for each SCTA member and has long sought to achieve savings by making changes to SCTA’s health benefits. In the 2014-2015 school year, it impermissibly made unilaterally changes to health benefit plans. That experience, albeit contrary to labor law principles, underscored the fact that budgetary savings could be achieved by changing the health benefit plans offered to SCTA members. Therefore, when negotiations got underway for a successor agreement in the fall of 2016, the District had as one of its priorities the reduction in health care costs. SCTA was aware of that priority.

Beyond verbalizing that goal during bargaining, the parties spent considerable time meeting with CECHCR staff reviewing mechanisms by which saving in health care costs could be realized and how much savings were projected. Beginning in October 2016, Ms. Walden met with the parties and explained the organization’s process of working with school districts to move them into larger health care purchasing pools or to alternative, less expensive plans. During a morning meeting with CECHCR on December 12, 2016, Ms. Walden projected potential savings in health care costs to be between \$2.1

and \$6.9 annually by changing health care plans or, most likely, health care purchasing pools.

Later that same day, SCTA passed as Article 13.1.1 its proposal relating to health benefits. Seen against that backdrop, the language of Article 13.1.1 as drafted by SCTA flowed out of the parties' conversation with Ms. Walden about the mechanisms for achieving health plan savings. The District's bargaining team reasonably understood SCTA's proposal to be consistent with the parties' many discussions with CECHCR about changing plans or pools to achieve savings. The weight of the evidence demonstrates that SCTA – the drafter of the pertinent language – did not disabuse the District of that understanding.

At the center of SCTA's case is Mr. Borsos's testimony about the December 12, 2016, negotiating session. He testified he explained to the assembled bargaining team members that a reduction in health plan costs achieved other than from a change to a health plan would be applied to the bargaining unit. There is no testimony from anyone other than Mr. Borsos on this point. Neither Ms. Milevsky nor Mr. Fisher corroborated the assertion made by Mr. Borsos. Of the thirty SCTA bargaining team members at the December 12, 2016, negotiating session, none was called to bolster Mr. Borsos's account.

In contrast, four members of the District bargaining team at the table that evening recounted that SCTA gave no explanation of Article 13.1.1. Mr. Holbrook, Ms. McArn, Mr. Appel, and Ms. Nguyen all testified that Mr. Borsos did not say that "savings" went beyond that which would result from changes to plans or pools and included the reduction in renewal rates to existing plans.

Both sides agree there was little or no discussion following Mr. Borsos's presentation. Surely, had the SCTA team told the District that the language it was proposing captured all savings – regardless of how they were realized and without achieving on-going year-to-year savings – a lively discussion likely would have erupted.

No bargaining notes were produced to corroborate Mr. Borsos's testimony that SCTA explained that any savings caused by a reduction in health care costs, however that came about, would accrue to the bargaining unit. In contrast, the District relied on an elaborate system of note taking. Ms. Mary Hardin Young, Dr. Iris Taylor, and Ms. Tu Muou separately took copious notes during each bargaining session; the notes were routinely combined the following day with the intent of capturing all that was said at the bargaining table. The notes from December 12, 2016, show only that Mr. Borsos read the text of Article 13.1.1 aloud, asked if there were any questions, and because there were none, the group moved on. Specifically, there is no mention of an alternate mechanism for savings. According to these contemporaneous notes taken long before a dispute over Article 13.1.1 arose, SCTA never explained or elaborated on the meaning of one phrase in Article 13.1.1. In sum, on this central point, the evidence does not demonstrate that SCTA, the party that drafted this language of Article 13.1.1, shared with the District its intention to provide that “any savings...in the reduction of health plan costs” would include health plan cost reductions that resulted from market fluctuations to an existing plan's rates. This interpretation was not expressly shared until over a year after Article 13.1.1 was tentatively agreed to.

Moreover, there is an alternative reading of that sentence that conforms to the eventualities discussed during bargaining. The parties' talks focused on replacing Health



Net with a less expensive plan and pledged that any savings derived from a move to a different plan would be applied to the SCTA bargaining unit. The parties also discussed savings that could be realized if SCTA members were moved to a larger health benefit purchasing pool, such as CalPERS. In that case, for example, SCTA members might remain in the same Kaiser plan, but overall savings to health benefits would be achieved by moving everyone to another purchasing pool. The fifth sentence of Article 13.1.1 accounts for both eventualities – savings derived from changes in plans and reductions in health plan costs derived from switching to a larger pool. This reading of the language accounts for both mechanisms by which savings could be achieved and which were discussed throughout negotiations. In the context of the parties’ talks, the reduction in health plan costs referenced in Article 13.1.1 are those achieved by selecting an alternative plan or changing to a different purchasing pool.

The District’s first counterproposal on Article 13.1.1 specifically referenced CECHCR and reinforces this understanding of the language. While this language was not included in the final draft, it recognizes the parties’ extensive collaboration with CECHCR contemporaneous with their collective bargaining and their discussions with CECHCR about health benefit cost savings achieved by moving away from the costly Health Net plan or into a larger purchasing pool. The theme of savings achieved through changes persisted at the time the District presented SCTA with this counterproposal.

As bargaining continued, SCTA and the District continued to discuss changes in plans or a move to the CalPERS health benefit pool. At none of these sessions after December 12, 2016, did any member of the SCTA negotiating team communicate that the bargaining unit was entitled to the savings derived from year-to-year fluctuations in

renewal rates for existing health plans. At the time the parties reached their tentative agreement on September 15, 2017, and thereafter, through Board approval and SCTA member ratification of the successor agreement, the parties understood that savings derived from changes to the health benefit plans or pools would go back to the bargaining unit.

It is a longstanding tenet of contract interpretation that a party's undisclosed understanding of the meaning of contract language cannot determine what the contract means. SCTA did not communicate the alternative path to achieve savings to the District. In contrast, achievement of savings through changes to plans or pools was repeatedly expressed during bargaining and throughout the parties' engagement with CECHCR.

Furthermore, SCTA reads the contested language of Article 13.1.1 to mean that rate reductions are not offset by other rate increases because "savings" are defined as "per plan." The "per plan" definition of savings is equally serviceable in the context of per plan actual (versus budgeted) cost. Moreover, SCTA's interpretation flies in the face of the District's clearly enunciated priority of making lasting structural changes to SCTA members' health benefits. There is no support for SCTA's assertion that the precise mechanism by which health plan costs are reduced is immaterial. Similarly, including renewal rate *reductions* but not renewal rate *increases* as part of the contractual calculation delivers no "savings" to the District and is antithetical to its goal. And, it sets up a one-sided bargain whereby the District achieves no lasting, structural, health benefit cost-saving changes but SCTA reaps the benefit of any funds that result from market fluctuations in existing health benefit plan renewal rates. That cannot be what the parties intended or agreed to.

In sum, the Union asserts it is entitled to all savings that are derived from health care costs regardless of when or how they are realized. That is contrary to the parties' agreement. The District's clearly enunciated goal was to achieve long-term health benefit cost reductions by changing plans or pools. For its part, SCTA wanted to ensure that if it agreed to changes in health benefit plans or agreed to move to a different pool, the savings achieved by that assent would stay in the bargaining unit and, as SCTA explained, not be treated like the District's "piggy bank." This was the trade off that is reflected in a fair reading of Article 13.1.1.

### **CONCLUSION**

For the reasons expressed above, the grievance filed by the Sacramento City Teachers Association is DENIED.

Dated: August 21, 2020

---

**CAROL A. VENDRILLO, ESQ.**  
Arbitrator