



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item # 5.0

**Meeting Date:** August 18, 2014

**Subject:** AB 1200 Disclosures of Costs of the Tentative Agreements with the Classified Supervisors Association (CSA), United Professional Educators (UPE), Teamsters Union, Local 150 (Teamsters), and the Service Employees International Union, Local 1021 (SEIU) and Approval of the Tentative Agreements Described Above

- ☐ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: \_\_\_\_\_)
- ☐ Conference/Action
- ☒ Action
- ☐ Public Hearing

**Division:** Human Resource Department

**Recommendation:** Accept AB 1200 Disclosures of Costs of the Tentative Agreements with the Classified Supervisors Association (CSA), United Professional Educators (UPE), Teamsters Union, Local 150 (Teamsters), and the Service Employees International Union, Local 1021 (SEIU) and approve the Tentative Agreements for the employee organizations referenced above.

**Background/Rationale:** Government Code section 3547.5 requires public school districts to provide, at a meeting of their governing boards, with a summary and costs of negotiated agreements with exclusive representatives before they are implemented. A format for such disclosures has been established by the Superintendent of Public Instruction. The disclosures for each tentative agreement, referenced below, are attached.

The District has been exploring a change in purchasing medical benefits through CalPERS under the system known as the Public Employees Medical and Hospital Care Act (PEMHCA). In order to take advantage of cost savings for purchasing benefits through other providers, time is of the essence and the District must act to notify CalPERS of the District's withdrawal from the CalPERS medical benefit system no later than August 18, 2014.

Accordingly, the District and its employee organization partners have negotiated tentative agreements regarding the terms for withdrawal from CalPERS as a provider of health benefits effective January 1, 2015. These agreements are attached.

**Financial Considerations:** See disclosures regarding cost savings.

**Documents Attached:**

- Executive Summary
- Attachment A: AB 1200 Disclosures, Review of Costs/Savings of Tentative Agreement Between Sacramento City Unified School District and Service Employees International Union, Local 1021 (SEIU), Classified Supervisors Association (CSA), Teamsters, Local 150 (Teamsters), United Professional Educators (UPE)
- Tentative Agreements

**Estimated Time of Presentation:** 2 minutes

**Submitted by:** Cancy McArn, Assistant Superintendent,  
Human Resources & Employee  
Compensation Services

**Approved by:** Dr. Sara Noguchi, Acting Superintendent

## **Board of Education Executive Summary**

### **Human Resources & Employee Compensation Services**

AB 1200 Disclosures of Cost of Agreement and Tentative Agreement with  
Classified Supervisors Association (CSA) Service Employees International  
Union (SEIU), Teamsters, United Professional Educators (UPE)

August 18, 2014



#### **I. OVERVIEW / HISTORY**

Government Code §3547.5 requires districts to provide the Board of Education, as well as the public, with a summary and costs of negotiated agreements with exclusive representatives before they are implemented. The AB 1200 disclosure provides a summary of the major provisions of the newly negotiated collective bargaining agreement.

#### **II. DRIVING GOVERNANCE**

- Board Policy – Administrative Regulation 4243.1 – Public Notice – Personnel Negotiations – Before entering into a negotiated agreement, the Board shall disclose, at a public meeting, the major provisions of the agreement, including but not limited to the costs that would be incurred by the district under the agreement for the current and subsequent fiscal years.
- Government Code 3547.5 – Before a public school employer enters into a written agreement with an exclusive representative covering matters within the scope of representation, the major provisions of the agreement, including, but not limited to, the costs that would be incurred by the public school employer under the agreement for the current and subsequent fiscal years, shall be disclosed at a public meeting of the public school employer in a format established for this purpose by the Superintendent of Public Instruction.
- Government Code 3540.2 – A school district that has a qualified or negative certification pursuant to Section 42131 of the Education Code shall allow the county office of education in which the school district is located at least 10 working days to review and comment on any proposed agreement made between the exclusive representative and the public school employer.

#### **III. BUDGET – See Cost Savings Agreement**

#### **IV. GOALS, OBJECTIVES, AND MEASURES**

In an effort to address the rising cost of health benefits while meeting the requirements of the Affordable Care Act, the District and CSA, SEIU, Teamsters and UPE have collectively agreed to

## Board of Education Executive Summary

### Human Resources & Employee Compensation Services

AB 1200 Disclosures of Cost of Agreement and Tentative Agreement with Classified Supervisors Association (CSA) Service Employees International Union (SEIU), Teamsters, United Professional Educators (UPE)

August 18, 2014



allow SCUSD to directly purchase and manage health care benefits for employees in these bargaining groups. Previously, health benefits for these employees were purchased and managed through PERS. The shift to District management effectively ends that costly arrangement, resulting in ongoing savings of millions annually. Please note that this change affects only classified employees and UPE members and only affects health benefits management, not the benefits themselves. The level of benefits is expected to remain the same or improve under this management shift. Further, this agreement does not impact employee pensions or health benefits for retired employees. Under this agreement, one-third of the savings from this shift will be used to replace staff that was reduced during previous years' budget reductions. Another third will be used to address the rising cost of lifetime benefits for current retirees. One-third will be applied to total compensation costs based on each of the following bargaining units' fair share (SEIU, CSA, Teamsters, and UPE).

#### V. MAJOR INITIATIVES

- The District and the aforementioned bargaining partners agree to withdraw from CalPERS as provider of health benefits effective January 1, 2015 (last day of health benefits shall be December 31, 2014).
- Classified Supervisors Associations (CSA), Service Employees International Union, Local 1021 (SEIU), Teamsters Local 150, and United Professional Educators (UPE) acknowledges that the Sacramento City Unified School District (SCUSD) must notify CalPERS by August 18, 2014, that the change will be effective January 1, 2015, and that CalPERS rules prohibit the District from reentering the program for five years after withdrawal. A change in the open enrollment period for unit members and their dependents may necessitated by the move to new providers.
- The medical benefit options to be provided to unit members will be the following: (A) Kaisers, (B) Sutter Health Plus, (C) Western Health Advantage
- With the agreement to withdraw from CalPERS, the District agrees to hold union members harmless, ensuring that their co-pays and /or other out of pocket expenses will not increase until December 31, 2015.

#### VI. RESULTS

Good faith bargaining resulted in a signed agreement between Sacramento City Unified School District and Classified Supervisors Associations (CSA), Service Employees International Union, Local 1021 (SEIU), Teamsters Local 150, and United Professional Educators (UPE).

## **Board of Education Executive Summary**

### **Human Resources & Employee Compensation Services**

AB 1200 Disclosures of Cost of Agreement and Tentative Agreement with Classified Supervisors Association (CSA) Service Employees International Union (SEIU), Teamsters, United Professional Educators (UPE)

August 18, 2014



#### **VII. LESSONS LEARNED / NEXT STEPS**

Approve AB1200 Disclosure of Cost Agreement and Tentative Agreement with the Sacramento City Unified School District and Classified Supervisors Associations (CSA), Service Employees International Union, Local 1021 (SEIU), Teamsters Local 150, and United Professional Educators (UPE).

# **REVIEW OF COSTS/SAVINGS OF TENTATIVE AGREEMENT**

**BETWEEN**

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**AND**

**SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 1021 (SEIU), CLASSIFIED SUPERVISORS ASSOCIATION (CSA), TEAMSTERS, LOCAL 150 (TEAMSTERS), UNITED PROFESSIONAL EDUCATORS (UPE)**

Pursuant to AB 1200, a summary of the major provisions of the newly negotiated collective bargaining agreement must be presented for public comment prior to board approval. In addition, the cost/savings of the contract for the current year and the subsequent year must also be presented to the public prior to final approval.

The savings contained in this agreement include withdrawing from CalPERS and moving to District plans with Kaiser, Western Health Advantage and Sutter.

Savings generated from the changes above will be distributed accordingly: one-third will be applied to the Other Post Employment Benefits (OPEB); one-third will be applied to hiring additional staff due to recent staffing reductions; and one-third will be applied to total compensation costs based on each of the following bargaining units' fair share (SEIU, CSA, Teamsters, and UPE).

In addition, all labor partners acknowledge that the District must notify CalPERS by August 18, 2014 of the District's withdrawal from CalPERS.

Contract Year	General Purpose Funding	All Other Funding
2014 – 15	\$2,084,923	\$1,384,300
2015 – 16	\$4,169,847	\$2,768,599

The Superintendent and Chief Business Officer certify in writing that the savings or cost of the agreement incurred by the District under this Agreement can be met by the District during the term of this Agreement.

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Dr. Sara Noguchi,  
Acting Secretary of the Board of Education

\_\_\_\_\_  
Ken Forrest, Chief Business Officer

**Tentative Agreement**  
**Between**  
**Classified Supervisors Association**  
**And**  
**Sacramento City Unified School District**

This Tentative Agreement is made and entered into August 13, 2014 between Sacramento City Unified School District ("District") and the Classified Supervisors Association ("Association"), collectively referred to herein as the "parties."

**RECITALS**

1. The parties have been discussing the pressures of increasing medical benefit and fringe benefit costs, and desire to explore ways to continue existing levels of medical benefits for unit members while simultaneously saving resources.
2. The District has been exploring a change in purchasing medical benefits through CalPERS under the system known as the Public Employees Medical and Hospital Care Act (PEMHCA). In order to take advantage of cost savings for purchasing benefits through other providers, time is of the essence and the District must act to notify CalPERS of its withdrawal from the CalPERS medical benefit system no later than August 19, 2014.
3. Except as expressly provided herein, the current collective bargaining agreement between the parties ("CBA") shall be continued without modification.
4. The parties hereby agree as follows:

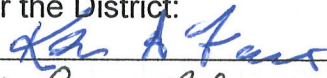

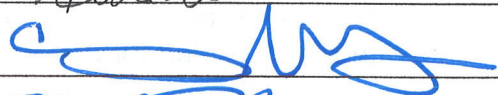


**AGREEMENT**

5. The District and the Association agree to withdraw from CalPERS as a provider of health benefits effective January 1, 2015.
6. The Association acknowledges that the District must notify CalPERS by August 19, 2014, that the change will be effective January 1, 2015, and that CalPERS rules prohibit the District from reentering the program for five years after withdrawal. A change in the open enrollment period for unit members and their dependents may be necessitated by the move to new providers.
7. The medical benefit options to be provided to unit members will be the following:




- a. Kaiser
  - b. Sutter Health Plus
  - c. Western Health Advantage
8. With this agreement to withdraw from CalPERS, the District agrees to hold CSA members harmless, ensuring that their co-pays and/or other out of pocket expenses will not increase until December 31, 2015. Accordingly, the District and CSA will reopen negotiations regarding health insurance coverage in sufficient time to ensure an orderly open enrollment process for the 2016 calendar year.
9. The savings generated from this agreement will be applied accordingly:
  - a. 1/3 of the savings will be applied to the Other Post Employment Benefit (OPEB).
  - b. 1/3 of the savings will be applied to hire additional staff. The intent is to give appropriate consideration to positions that were eliminated during recent staffing reductions.
  - c. 1/3 of the savings will be applied to total compensation costs based on each of the following bargaining units' fair share (SEIU, CSA, Teamsters, and UPE).
10. The District and its union partners (SEIU, CSA, Teamsters, and UPE) agree to establish a Benefits Committee which will hold its first meeting no later than the end September 2014.
11. The District and the Association agree to make conforming changes to the CBA article regarding medical benefits and in other places as required in order to carry out the intent of this Agreement and to acknowledge the change.
12. The parties agree to take such other steps as are necessary to carry out the intent of this Agreement.

For the District:

Date: August 13, 2014

For the Association:



Date: August 13, 2014



**Tentative Agreement**  
**Between**  
**Service Employees International Union Local 1021**  
**And**  
**Sacramento City Unified School District**

This Tentative Agreement is made and entered into August 18, 2014 between Sacramento City Unified School District ("District") and the Service Employees International Union, Local 1021 ("Union"), collectively referred to herein as the "parties."

**RECITALS**

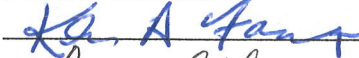



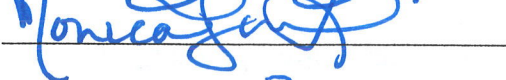
1. The parties have been discussing the pressures of increasing medical benefit and fringe benefit costs, and desire to explore ways to continue existing levels of medical benefits for unit members while simultaneously saving resources.
2. The District has been exploring a change in purchasing medical benefits through CalPERS under the system known as the Public Employees Medical and Hospital Care Act (PEMHCA). In order to take advantage of cost savings for purchasing benefits through other providers, time is of the essence and the District must act to notify CalPERS of its withdrawal from the CalPERS medical benefit system no later than August 19, 2014.
3. Except as expressly provided herein, the current collective bargaining agreement between the parties ("CBA") shall be continued without modification.
4. The parties hereby agree as follows:

**AGREEMENT**

5. The District and the Union agree to withdraw from CalPERS as a provider of health benefits effective January 1, 2015.
6. The Union acknowledges that the District must notify CalPERS by August 19, that the change will be effective January 1, 2015, and that CalPERS rules prohibit the District from reentering the program for five years after withdrawal. A change in the open enrollment period for unit members and their dependents may be necessitated by the move to new providers.
7. The medical benefit options to be provided to unit members will be the following:

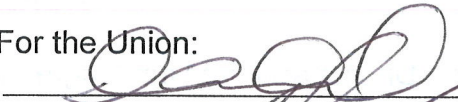

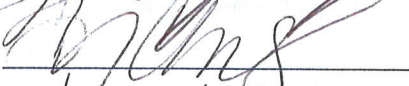
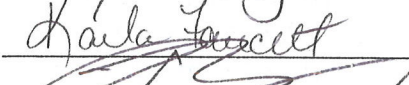
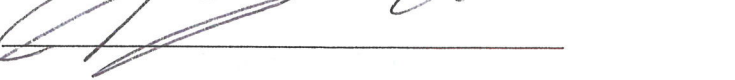
- a. Kaiser
  - b. Sutter Health Plus
  - c. Western Health Advantage
8. With this agreement to withdraw from CalPERS, the District agrees to hold SEIU members harmless, ensuring that their co-pays and/or other out of pocket expenses will not increase until December 31, 2015. Accordingly, the District and SEIU will reopen negotiations regarding health insurance coverage in sufficient time to ensure an orderly open enrollment process for the 2016 calendar year.
9. The savings generated from this agreement will be applied accordingly:
  - a. 1/3 of the savings will be applied to the Other Post Employment Benefit (OPEB).
  - b. 1/3 of the savings will be applied to hire additional staff. The intent is to give appropriate consideration to positions that were eliminated during recent staffing reductions.
  - c. 1/3 of the savings will be applied to total compensation costs based on each of the following bargaining units' fair share (SEIU, CSA, Teamsters, and UPE).
10. The District and its union partners (SEIU, CSA, Teamsters, and UPE) agree to establish a Benefits Committee which will hold its first meeting no later than the end September 2014.
11. The District and the Union agree to make conforming changes to the CBA article regarding medical benefits and in other places as required in order to carry out the intent of this Agreement and to acknowledge the change.
12. The parties agree to take such other steps as are necessary to carry out the intent of this Agreement.

For the District:

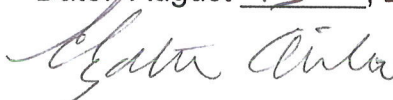
  
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Date: August 13, 2014

For the Union:

  
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Date: August 13, 2014

  
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**Tentative Agreement**  
**Between**  
**Teamsters Union, Local 150**  
**And**  
**Sacramento City Unified School District**

This Tentative Agreement is made and entered into August 13<sup>th</sup>, 2014 between Sacramento City Unified School District ("District") and the Teamsters Union, Local 150 ("Union"), collectively referred to herein as the "parties."

**RECITALS**

1. The parties have been discussing the pressures of increasing medical benefit and fringe benefit costs, and desire to explore ways to continue existing levels of medical benefits for unit members while simultaneously saving resources.
2. The District has been exploring a change in purchasing medical benefits through CalPERS under the system known as the Public Employees Medical and Hospital Care Act (PEMHCA). In order to take advantage of cost savings for purchasing benefits through other providers, time is of the essence and the District must act to notify CalPERS of its withdrawal from the CalPERS medical benefit system no later than August 19, 2014.
3. Except as expressly provided herein, the current collective bargaining agreement between the parties ("CBA") shall be continued without modification.
4. The parties hereby agree as follows:


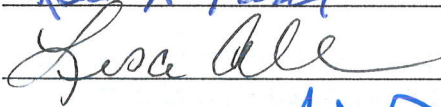

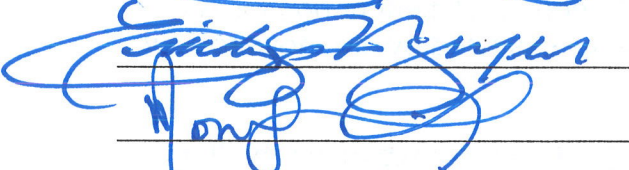
**AGREEMENT**

5. The District and the Union agree to withdraw from CalPERS as a provider of health benefits effective January 1, 2015.
6. The Union acknowledges that the District must notify CalPERS by August 19, 2014, that the change will be effective January 1, 2015, and that CalPERS rules prohibit the District from reentering the program for five years after withdrawal. A change in the open enrollment period for unit members and their dependents may be necessitated by the move to new providers.
7. The medical benefit options to be provided to unit members will be the following:



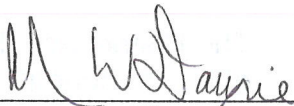
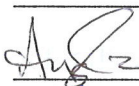
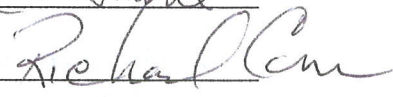
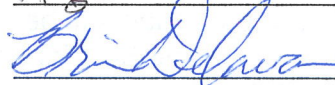
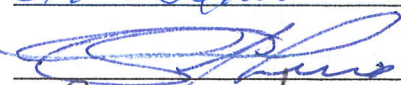
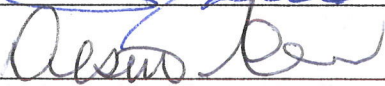
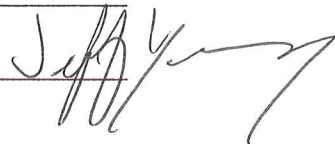
- a. Kaiser
  - b. Sutter Health Plus
  - c. Western Health Advantage
8. With this agreement to withdraw from CalPERS, the District agrees to hold Teamsters members harmless, ensuring that their co-pays and/or other out of pocket expenses will not increase until December 31, 2015. Accordingly, the District and Teamsters will reopen negotiations regarding health insurance coverage in sufficient time to ensure an orderly open enrollment process for the 2016 calendar year.
9. The savings generated from this agreement will be applied accordingly:
  - a. 1/3 of the savings will be applied to the Other Post Employment Benefit (OPEB).
  - b. 1/3 of the savings will be applied to hire additional staff. The intent is to give appropriate consideration to positions that were eliminated during recent staffing reductions.
  - c. 1/3 of the savings will be applied to total compensation costs based on each of the following bargaining units' fair share (SEIU, CSA, Teamsters, and UPE).
10. The District and its union partners (SEIU, CSA, Teamsters, and UPE) agree to establish a Benefits Committee which will hold its first meeting no later than the end September 2014.
11. The District and the Union agree to make conforming changes to the CBA article regarding medical benefits and in other places as required in order to carry out the intent of this Agreement and to acknowledge the change.
12. The parties agree to take such other steps as are necessary to carry out the intent of this Agreement.

For the District:

Date: August 13, 2014

For the Union:

Date: August 13th, 2014

**Tentative Agreement**  
**Between**  
**United Professional Educators**  
**And**  
**Sacramento City Unified School District**

This Tentative Agreement is made and entered into August 13, 2014 between Sacramento City Unified School District ("District") and the United Professional Educators ("Union"), collectively referred to herein as the "parties."

**RECITALS**

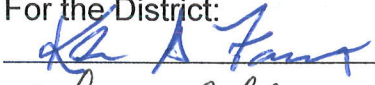



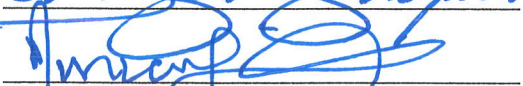
1. The parties have been discussing the pressures of increasing medical benefit and fringe benefit costs, and desire to explore ways to continue existing levels of medical benefits for unit members while simultaneously saving resources.
2. The District has been exploring a change in purchasing medical benefits through CalPERS under the system known as the Public Employees Medical and Hospital Care Act (PEMHCA). In order to take advantage of cost savings for purchasing benefits through other providers, time is of the essence and the District must act to notify CalPERS of its withdrawal from the CalPERS medical benefit system no later than August 19, 2014.
3. Except as expressly provided herein, the current collective bargaining agreement between the parties ("CBA") shall be continued without modification.
4. The parties hereby agree as follows:

**AGREEMENT**

5. The District and the Union agree to withdraw from CalPERS as a provider of health benefits effective January 1, 2015.
6. The Union acknowledges that the District must notify CalPERS by August 19, 2014, that the change will be effective January 1, 2015, and that CalPERS rules prohibit the District from reentering the program for five years after withdrawal. A change in the open enrollment period for unit members and their dependents may be necessitated by the move to new providers.
7. The medical benefit options to be provided to unit members will be the following:


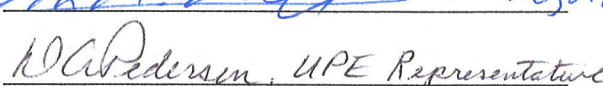
- a. Kaiser
  - b. Sutter Health Plus
  - c. Western Health Advantage
8. With this agreement to withdraw from CalPERS, the District agrees to hold UPE members harmless, ensuring that their co-pays and/or other out of pocket expenses will not increase until December 31, 2015. Accordingly, the District and UPE will reopen negotiations regarding health insurance coverage in sufficient time to ensure an orderly open enrollment process for the 2016 calendar year.
9. The savings generated from this agreement will be applied accordingly:
  - a. 1/3 of the savings will be applied to the Other Post Employment Benefit (OPEB).
  - b. 1/3 of the savings will be applied to hire additional staff. The intent is to give appropriate consideration to positions that were eliminated during recent staffing reductions.
  - c. 1/3 of the savings will be applied to total compensation costs based on each of the following bargaining units' fair share (SEIU, CSA, Teamsters, and UPE).
10. The District and its union partners (SEIU, CSA, Teamsters, and UPE) agree to establish a Benefits Committee which will hold its first meeting no later than the end September 2014.
11. The District and the Union agree to make conforming changes to the CBA article regarding medical benefits and in other places as required in order to carry out the intent of this Agreement and to acknowledge the change.
12. The parties agree to take such other steps as are necessary to carry out the intent of this Agreement.

For the District:

Date: August 13, 2014

For the Union:

 UPE Negotiations Team  
 UPE Representative

Date: August 13, 2014