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January 13, 2020

Elaine M. Howle
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

RE: Update Audit 2019-108

Dear Ms. Howle:

On behalf of the Sacramento City Unified School District, I want to again express our appreciation for the thorough December 10, 2019 [Audit Report](#) (“Audit”) of our District prepared by you and your team. As you know, the Audit makes a number of findings and recommendations to the District based on those findings. This letter is the first of likely many letters intended to provide an update on the District’s progress toward the Audit’s recommendations.

One recommendation made in the Audit is for the District to consider the impact of possible salary adjustments for employees in different bargaining units and the impact of those adjustments on post-employment benefits for employees. You also recommended the District estimate net savings from modifying the health care benefits it provides to employees and how such changes may impact contributions to future retiree health benefits. You recommend that the District “use the plan it develops as the basis for its discussions of potential solutions with its teachers union.”

As noted on page 30 of the Audit, “Sacramento [City] Unified’s options for reducing ongoing expenses without engaging in labor negotiations are limited and unlikely to prove successful in addressing its precarious financial situation.” The Audit further provides that “[b]ecause it lacks other options, it is imperative that [the District] and its teachers union work together to agree to a solution, which they have not yet done.” (See Audit at p. 30.) Finally, the Audit recognizes that “if [the District] cannot obtain concessions, it may need to take unilateral action to avoid insolvency. State law allows a public school employer to unilaterally implement the last offer made to its union upon reaching an impasse if [PERB] declares that the parties are at impasse following good-faith efforts to negotiate.” (See Audit at p. 30.)

Since November 2018, the District has sought to begin negotiations with the Sacramento City Teachers Association (“SCTA”) on a successor collective bargaining agreement (“CBA” or “contract”). Between November 9, 2018 and today, January 13, 2020, a span of fourteen months, the District sent SCTA [eighteen \(18\) letters](#) requesting that SCTA leaders begin negotiations with the District on a 2019-20 successor CBA. In total, the District offered seventy-one (71) dates to SCTA for negotiations through these eighteen (18) letters.

Beginning on August 2, 2019, and in light of SCTA leaders' continued refusal to begin negotiations with the District, and/or SCTA leaders conditioning negotiations on resolution of other items as evidenced in various letters from SCTA to the District, the District began presenting its proposals for bargaining electronically. Between August 2, 2019 and December 9, 2019, the District submitted to SCTA leaders all of its proposals on the articles of the CBA that the District had sunshined in November 2018. Each proposal presented to SCTA leaders showed the changes that the District proposed to make to that article by using strike out and underlined text. Below is a summary of the proposals submitted to SCTA leaders and the dates on which they were presented.

Proposals presented to SCTA on August 2, 2019

- Negotiations Ground Rules
- Health Benefits - Article 13
- 2020-21 and 2021-22 School Calendar

Proposals presented to SCTA on August 23, 2019

- Organizational Rights – Article 18
- Organizational Security – Article 21

Proposals presented to SCTA on October 2, 2019

- Safety Conditions—Article 11

Proposals presented to SCTA on December 9, 2019

- Hours of Employment—Article 5
- Evaluation—Article 6
- Vacancies and Transfer—Article 8
- Compensation—Article 12
- Class Size—Article 17
- MOU Review

In presenting each of the above articles to SCTA leaders for negotiations, the District requested that SCTA leaders begin negotiations for a successor contract, offered dates for bargaining, and generally requested a response from SCTA leaders by a specified date.

The proposals presented to SCTA leaders, particularly those related to employee health benefits and compensation, were intended to address the District's structural budget deficit by reducing ongoing expenditures in the area of employee health benefits and overall employee total compensation.

On December 20, 2019, after receiving no response from SCTA leaders to begin negotiations over the proposals presented, the [District filed Public Employment Relations Board \(“PERB”\)](#)

[Form 1510, Request for Impasse Determination/Appointment of Mediator \(“Request”\)](#), along with an Addendum in support of the District’s request, and 259 pages of exhibits for PERB’s consideration, based on the District’s belief that we were at an impasse in negotiations for a successor collective bargaining agreement. That same day and before receiving the Exhibits in support of the District’s Request, PERB denied the District’s request for impasse determination and declined to appoint a mediator to assist the District and SCTA in negotiations.

While the District was disappointed by PERB’s determination that the parties are not at an impasse despite the District’s extensive efforts to engage SCTA in negotiations and SCTA leaders’ continued refusal to begin negotiations, the District sent yet another letter to SCTA leaders on December 20, 2019 offering dates to begin bargaining and requesting that SCTA leaders provide its available dates by January 10, 2020. In response to the District’s most recent request to begin negotiations, SCTA leaders sent the District a letter on [January 10, 2020](#) refusing to begin negotiations and stating “[a]dditionally, your letter notes that your latest frivolous effort—asking PERB to declare we’re at impasse—was also a complete failure. It’s worth noting that PERB dismissed your request within hours of receipt, an indication of how completely ridiculous it was.” The District believes that this statement is indicative of SCTA leadership’s lack of respect for honoring the statutory process for negotiations and impasse and PERB’s role in carrying out the intent of the Educational Employment Relations Act. As such, the District submitted earlier today [a second request for impasse determination with PERB](#).

The District continues to believe that together, with SCTA and our other labor partners, and through the collective bargaining process, solutions to our budget problems that are acceptable for the District and our employees will be identified and agreed to, thereby allowing the District and its employees to continue their shared goal of enhancing educational opportunities for all students. In filing for an impasse determination from PERB on December 20, 2019, and again today, the District has followed the statutory process for attempting to move negotiations forward when there is a stalemate as recognized by the Audit. We are hopeful that with this renewed request, PERB will allow the District to follow the impasse process, otherwise it will severely restrict the options available to the District for implementing the recommendations in the Audit and addressing our financial challenges. The District will continue its efforts to implement the Audit’s recommendations and will continue to provide you with ongoing updates.

Sincerely,

A handwritten signature in black ink, appearing to read "Jorge A. Aguilar". The signature is stylized with a large loop and a horizontal stroke.

Jorge A. Aguilar
Superintendent