



Sacramento City Unified School District

Est. 1854

Negotiations Background Information

Sacramento City Unified School District (Sac City Unified) is working to address a serious budget crisis that threatens the District community, including its students, parents, and staff. The crisis stems from an on-going structural deficit, which means that the District cannot afford its on-going expenditures.

Sac City Unified must address this crisis with a long-term solution to address its primary expenses: salary and benefits. This long-term solution requires negotiations, sacrifices, and difficult choices.

Should the District fail to achieve a solution, Sac City Unified is projected to run out of operating funds and its reserve by [October 2021](#). This scenario would require the District to [seek a loan from the State of California](#) and to turn over local control of Sac City Unified to an appointed trustee.

The fact is: a state takeover would be bad for everyone - students, parents, staff, and our community.

Over the past year and a half (since the 2018-19 year), the District has taken steps to address our budget imbalance, including cutting more than [\\$30 million in on-going non-negotiable budget reductions](#). These cuts included the elimination of district office positions, reductions to other operational areas, and identified savings resulting from improved accounting and budgeting procedures. As the [December 2019 State Audit recognized](#), the District issued layoff notices and reduced certificated, classified, and management staff to “right-size” staffing. Despite these significant cuts, a multi-million dollar on-going annual shortfall remains that must be addressed.

The District’s ongoing structural deficit is illustrated in this graph found in the audit report by California State Auditor Elaine Howle.

Figure 2

Sacramento Unified Has Consistently Spent More Than It Received in Revenue Since Fiscal Year 2016–17



Source: Sacramento Unified's audited financial statements for fiscal years 2013–14 through 2017–18, unaudited actuals for the fiscal year 2018–19, and budget documentation for fiscal years 2019–20 through 2021–22.

Note: To better understand Sacramento Unified's financial condition, the amounts above include only operating revenues and expenditures, as they represent what the district spends to run its schools and the revenue it receives based on the services it provides. We have removed one-time revenues received from the State from the revenues presented. As we discuss later in the report, these one-time funds cannot be expected in future years and should not be relied upon to pay for ongoing costs. We also do not include revenues and expenditures from financing sources, such as transfers from other funds, as they generally do not reflect costs or revenues incurred in the operation of the district.

Source: State Auditor Report, page 10, figure 2

While we must address the District's structural deficit, **educating students remains SCUSD's top priority**. The District will strive to avoid making cuts that negatively impact students' essential educational experiences.

What We Are Trying to Protect

The District is seeking to negotiate with our labor partners to make adjustments to Sac City Unified's budget expenditure commitments that will protect the important student programs that are currently in place and would be jeopardized by a state takeover.

These existing programs include, among others:

- Specialized high school and elementary programs that offer unique opportunities for students to pursue an education beyond what schools traditionally offer, including small high schools and specialty programs;
- Athletics, including our recently implemented elementary athletics program;
- Arts and Music education;
- Enrichment opportunities that provide for much needed increased exposure to college and career opportunities;
- Providing PSAT, SAT and AP tests to all students free of charge;
- Student Interventions through increased ability to monitor student achievement and college readiness in a systematic way, including summer programs that provide graduation and college prep credit recovery and enrichment opportunities;
- New Teacher Induction Program; and
- Parent Participation Preschool Program

A Path Forward

SCUSD's budget crisis has been analyzed by independent county and state fiscal oversight entities, including the Sacramento County Office of Education (SCOE), [the Fiscal Crisis and Management Assistance Team \(FCMAT\)](#) and the [California State Auditor](#). These oversight agencies have advised that the District has already made all viable significant cuts to district operations, and the only path left to resolve the structural deficit requires a negotiated solution. This means that we must work with our labor partners to reach new agreements that our District can afford.

A significant factor in our current budget deficit is the existing agreement related to health care. SCUSD is the only district in the region that fully pays for health plans [costing nearly \\$35,000 per employee for a family plan \(see below\)](#). If the District is able to reach an agreement with the Sacramento City Teachers Association (SCTA) that would adjust SCUSD's health care contributions so they would be on par with other districts in the Sacramento region, the District would be able to reduce expenditures by over \$16 million annually (and over \$20 million if applied to all bargaining groups), making significant progress toward closing the structural deficit, and improving

instructional opportunities for students.

Top Five Costliest California School District Health Plans in 2018

The following identifies the annual cost to a district for an employee family plan:

1. \$37,971 - Sequoia Union High (San Mateo County)
2. \$35,694 - Saratoga Union Elementary (Santa Clara County)
3. \$35,052 - East Side Union High (Santa Clara County)
4. **\$34,697 - Sacramento Unified (Sacramento County) (HealthNet)**
5. \$30,324 - Saddleback Valley Unified (Orange County)

Source: California Department of Education's 2018 form J-90 data report.

Source: State Audit, page 19

The current health care plan provides 100% coverage for SCTA staff and their dependents – whether the employee chose the most expensive plan, HealthNet, or more moderately priced plan, Kaiser. The District has proposed to continue covering 100% of health plan costs for all employees at the rate of the low-cost health plan offered by the District (for SCTA currently Kaiser plan rate), and 75% of health plan costs at the low-cost plan rate for employees' dependents.

Table 2

Sacramento Unified Has Consistently Spent More on Providing Health Care Benefits to Its Employees Than Comparable Districts (Annual Cost Per Employee or Teacher) (in thousands)

DISTRICT	2013-14		2014-15		2015-16		2016-17		2017-18	
	ALL	TEACHERS								
Sacramento Unified	\$17.4	\$20.1	\$18.1	\$20.9	\$17.7	\$21.1	\$17.7	\$21.0	\$17.4	\$21.2
Elk Grove Unified	9.4	10.9	10.5	11.1	10.0	11.2	10.0	12.4	9.3	10.9
San Juan Unified	8.2	8.8	9.2	8.9	9.3	10.9	9.8	11.4	10.4	11.0
Stockton Unified	7.8	10.6	9.2	10.6	9.3	11.0	11.0	14.1	11.9	14.2
Twin Rivers Unified	6.8	5.1	6.2	2.8	6.2	4.1	6.0	5.1	6.3	5.1

Source: Education Data Partnership district profile information and budget documentation for the Sacramento, Elk Grove, San Juan, Stockton, and Twin Rivers unified school districts.

■ Highest in category
■ Lowest in category

Source: State Audit Report, page 20, Table 2

Changes to the employee health care plan must be negotiated with employee unions.

It is important to note that the District is **not proposing changes to the salary schedules** currently in place, which currently [provides for the highest average salaries and total compensation in the region](#) after a substantial restructuring of the salary schedule was completed last year. And under the District’s proposal to modify health benefits, total employee compensation would remain among the highest in the region.

Table 1

Sacramento Unified Consistently Provided the Highest Total Compensation for Teachers Among Comparable Districts From Fiscal Years 2013–14 Through 2019–20

DISTRICT	FISCAL YEAR						
	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Average Salary							
Sacramento Unified	\$65,695	\$67,009	\$70,343	\$73,916	\$73,236*	\$83,148	\$91,250
Elk Grove Unified	\$71,340	\$73,322	\$76,341	\$78,663	\$80,261	\$88,445	\$85,058
San Juan Unified	\$71,583	\$74,317	\$75,808	\$76,908	\$76,673	\$82,211	\$84,433
Stockton Unified	\$61,632	\$65,674	\$68,852	\$72,903	\$75,370	\$86,161	\$86,846
Twin Rivers Unified	\$71,162	\$71,399	\$73,962	\$74,625	\$76,166	\$87,847	\$88,250

DISTRICT	FISCAL YEAR						
	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Average Total Compensation†							
Sacramento Unified	\$84,626	\$87,645	\$91,233	\$95,189	\$94,889	\$111,259	\$119,036
Elk Grove Unified	\$82,826	\$84,775	\$88,087	\$91,183	\$91,568	\$100,121	\$96,906
San Juan Unified	\$83,468	\$85,838	\$89,674	\$91,613	\$90,789	\$95,856	\$99,080
Stockton Unified	\$74,484	\$78,982	\$82,409	\$89,588	\$91,822	\$101,912	\$101,903
Twin Rivers Unified	\$78,714	\$76,001	\$79,716	\$81,401	\$83,323	\$96,146	\$98,266

Source: California Department of Education certificated salary and benefits data from fiscal years 2013–14 through 2017–18 and district budgets for salary and benefits data from fiscal years 2018–19 through 2019–20.

■ Highest in category

■ Lowest in category

Note: Sacramento Unified's amounts have been updated to reflect increases from the 2017 labor contract.

* Sacramento Unified's average salary declined slightly in fiscal year 2017–18 because the teachers that it employed had relatively less experience in fiscal year 2017–18 than fiscal year 2016–17 and thus received lower salaries.

† Average total compensation includes salary plus health and welfare benefits. It does not include a district's costs to provide statutory benefits, such as pension and Medicare.

Source: State Audit Report, page15, Table 1

The District has put forth a plan that:

- Maintains existing salary schedule for teachers;
- Provides health benefits comparable other districts in the region;
- Preserves the critical mission to increase opportunities for student learning; and
- Saves the District's fiscal condition to prevent a state takeover.

Status of Negotiations

The District's labor unions are critical partners in Sac City Unified's efforts to identify long-term cost savings. Three unions have come to the bargaining table to discuss the District's proposed health care plan that will help the District eliminate significant ongoing costs.

SCTA responded in January to the District's invitation by agreeing to begin negotiations on March 3, 2020. Over the previous 14 months, the District had repeatedly asked SCTA to meet the District at the bargaining table, and had offered [SCTA 71 dates to meet and begin negotiations](#). While SCTA did not accept any of the dates offered by the District, SCTA's recent offer to meet in March is a positive development. The District agreed to meet with SCTA on all the offered dates in March, offered additional dates to start negotiations in February, and requested that SCTA join the District in "around the clock" negotiations.

What does the District Want to Accomplish Through Negotiations

To ensure its fiscal solvency, Sac City Unified must address its structural deficit or the District is projected to **run out of cash in October 2021**. If the District cannot achieve ongoing cost savings to eliminate deficit spending, it will need a state loan to cover expenses when its cash reserve runs out, which will trigger a state takeover.

The District wants to negotiate with SCTA to reach an agreement that will:

- Prevent insolvency and avert a State takeover,
- Increase educational opportunities for ALL students, and
- Provide competitive salaries and benefits for District employees.