



**Sacramento City Teachers Association (SCTA)  
Presentation to the Fact-Finding Panel  
October 2, 2017**

On September 20, 2017, Jorge Aguilar, the new superintendent of the Sacramento City Unified School District (SCUSD), convened the first meeting of his blue-ribbon task force to improve the graduation rate among Sac City students. As he convened the task force, Superintendent Aguilar created a guiding principle related to the Equity, Access and Social Justice work in the District. That principle is as follows: “All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options.” This principle was reinforced in what Superintendent Aguilar articulated as a “Sacramento City Unified School District Core Value”: “We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.”

The Task Force was created in many respects in response to an editorial that appeared in the Sacramento Bee on April 14, 2017 which praised the improvement in graduation rates in California for the seventh year in a row, but described our District in this way: “If only Sacramento City Unified School District could say the same. Instead, in an unsettling trend, Sac City’s graduation rates, which only a few years ago were improving, now lag the state and county and appear to have backslid.”<sup>1</sup>

The keynote speaker in the first meeting of the task force was Russell Rumberger, a professor of education at the University of California Santa Barbara and the author of **Dropping Out: Why Students Drop Out of High School and What Can Be Done About It**, published by Harvard University Press in 2016. Rumberger’s book, which has received extremely favorable critical reviews, highlights several areas to improve graduation rates, including:

- Raising teacher salaries;
- Decreasing class sizes;

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<sup>1</sup>See Tab 2-M, “Press.”

- Early intervention.<sup>2</sup>

The broad outlines that Rumsberger suggests are mirrored in the District's own 2017-2020 Local Control and Accountability Plan (LCAP). In the LCAP, the District unequivocally commits to "The most significant ways that SCUSD will increase or improve services for low income students, English learners, and foster youth include a continued investment in these actions and services:

- Ensuring that every student has a fully credentialed, highly qualified teacher
- Providing professional learning to support student achievement
- Continuing the focus on equity and social justice through a coordinated approach to positive school climate and alternative discipline procedures
- Providing interventions both during the school day and in the after school space.<sup>3</sup>

While we appreciate that Superintendent Aguilar has only been in his position since July 1<sup>st</sup>, we question the District's willingness to "confront and interrupt inequities that exist" given his stated commitment to the new SCUSD core value that he created. The advice provided to the District by its own keynote speaker on improving graduation rates and the District's legal requirement to follow its own LCAP further provide a direction to the District it is not following. In fact, the District is acting contrary that direction. The District already spent over half-a-million dollars on outside attorneys to oppose the proposals of Sacramento City educators that accomplish those exact goals set forth in the LCAP and that the new leadership purports to support. With the same amount of money, the District could have hired approximately seven (7) new teachers.<sup>4</sup>

Here are a few relevant facts that should be at the forefront of the panel's consideration as this hearing proceeds:

- As of September 15, 2017, there were 119 available vacancies among the certificated staff represented by SCTA.<sup>5</sup>
- The District revenue has increased by 51% since the 2012-13 school year, from \$379,896,678 to \$573,739,040 in 2017-18.<sup>6</sup>
- The District reserves have increased by 320% since July 1, 2013, increasing

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<sup>2</sup>See Dropping Out.

<sup>3</sup>See Tab 1-C, "LCAP and DELAC."

<sup>4</sup>See Tab 2-U, "Attorney and School Services Expenses."

<sup>5</sup>See Tab 3-2, "Vacancy Crisis and Subcontracting."

<sup>6</sup>See Tab 3-3, "Budget and Financial Reports."

from \$19,409,345 to \$81,466,807 as of June 30, 2017.<sup>7</sup>

- Class sizes in Sac City are significantly higher than surrounding districts.<sup>8</sup>
- The ratio of students to professional support staff including nurses, psychologists, and language, speech and hearing specialists is significantly higher than for comparable and surrounding districts.<sup>9</sup>

Indeed, the District recognizes it has a massive recruitment and retention problem among certificated staff. In a June 2017 communication to “parents and members of the community” current board president Jay Hansen and the former superintendent conceded that absence of wage increases “puts students at risk, as the district’s ability to retain and recruit high quality teachers for the next school year is impacted every day pay raises do not take effect.”<sup>10</sup>

This significant factual concession was further reinforced later this summer when the District’s Chief Communication Officer, Alex Barrios, told ABC-10 News that Sac City has “exhausted all options of recruiting teachers locally,” in an unsuccessful effort to defend why Sac City was the only identified district in California that had resorted to recruiting certificated staff in the Philippines. Unfortunately, Mr. Barrios overlooks the most obvious option the District has not tried—paying certificated teachers a competitive wage with improved supports to provide the high-quality education Sac City students deserve.<sup>11</sup>

The fact that we are here today is the clearest expression that the District has not “exhausted all options of recruiting teachers locally.” The District’s presentation--is predictable, one typically given by the District’s consultant, School Services, throughout the state.

Accordingly, we should anticipate:

- Despite being in the best financial position in its history, the District will claim it is struggling financially;
- Even though its reserve fund has increased by over 320 percent in the last four years and is seventeen times higher than what is required by the state, the District will claim the more than \$80 million in its reserve fund is fiscally prudent.
- The District will attempt to mask over its massive vacancy and turnover

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<sup>7</sup>See Tab 3-3, “Budgets and Financial Reports.”

<sup>8</sup>See Tab 2-W, “Class Sizes and Caseloads.”

<sup>9</sup>See Tab 2-W, “Class Sizes and Caseloads.”

<sup>10</sup>See Tab 2-N, “Negotiation Documents.”

<sup>11</sup>See Tab 2-M, “Press Coverage.”

problem among certificated staff by claiming there is a statewide teacher shortage, but never explaining why Sac City currently—more than one month into the new school year—has a 5% vacancy rate, and Sac City is the only District in California known to have to go to the Philippines to recruit teachers.

- The District will ignore the increased number of administrators detailed by the Sacramento Bee, the high salary for the new superintendent with set wage increases in subsequent years, and the lucrative recent settlement with the administrators' union.
- The District will attempt to minimize the recent stabilization and increase in enrollment, and claim that enrollment is declining, when in fact it is stable, and likely to increase further when housing developments like Delta Shores, McKinley Village and others are completed.
- The District will ignore the massive 45% increase in funding from the state since 2012-13 when the Local Control Funding Formula was signed into law by Governor Jerry Brown, at Sac City's Cal Middle School, the District will try to claim that it has been saddled with an "unfunded mandate" in terms of a higher contribution pensions.
- The District will refuse to face the facts that the actual costs and rates of increase for retiree and active health insurance have declined in recent years, and that the District and the Association have agreed to contract language that addresses both health insurance and the so-called unfunded liability related to retiree health insurance. **The District will claim that total compensation (wages and salaries) for Sac City educators are higher than comparable district, when it is not.**
- Rather than embrace the District's strong financial position and work with us to make Sac City the Destination District for California, the District will argue that it can't afford proposals because it will create a deficit, reinforcing its reputation as the District that cried wolf when it comes to predictions regarding deficits AND, that the District has already gone on the record regarding its willingness to deficit spend in 2017-18 and 2018-19.

In recent years, Sac City has taken steps to be the Destination District for administrators, now it's time to become the Destination District for students and educators.

## **I. Background:**

The Sacramento City Teachers Association represents approximately 2,800 educators, including all full- and part-time teachers and substitutes, adult education,

special education, pre-school and children's centers, school counselors, psychologists, nurses, social workers, librarians and many others in the [Sacramento City Unified School District](#), where we educate over 40,000 students at approximately 75 different school sites.

SCTA has been in existence since 1921, is the 7<sup>th</sup> largest teacher union in California, and an affiliate of the California Teachers Association (CTA) and the National Education Association (NEA). Today we are here represented by the Officers, Executive Board and Bargaining Team of SCTA.

The parties have not been able to agree to a joint presentation of facts or a statement of the issues so we move to admit the facts set forth in this binder, into the record, following our presentation of facts.<sup>12</sup>

The Sacramento City Unified School District is one of the most diverse school districts in the nation. According to statistics provided by the District, Sac City's K-12 student enrollment is 41,028, with 24,365 elementary (K-6) students and 18,620 in secondary (7-12), making it the 13<sup>th</sup> largest in the state of California. There are 77 schools in the district. Among Sac City students, 68% received free or reduced lunch, and 73% of students are low income. Forty-three languages are spoken, with thirty-eight percent (38%) of students speaking a language other than English at home. The District student population is 39.5% Hispanic or Latino, 16.6% Asian, 16.1% African-American, 17.4% Caucasian, 2% Pacific Islander, and 1.3% Filipino. Approximately 6.4% of students are of two or more races. The District has revenues that exceed \$573 million annually.<sup>13</sup>

In a survey in preparation for these negotiations with the District, eighty-seven percent (87%) of educators identified their commitment to teaching children in a large urban district as a primary reason they have stayed in our District. But while teachers have sacrificed for the students in the District, the District has done little to acknowledge or recognize that commitment. Today, that lack of recognition is creating a crisis for the District, a crisis of its own making. In the same contractual survey, fewer than 5% of educators agreed that the District's leadership was a primary reason to stay in the District. Educators feelings about their wages were even more telling. Ninety-one percent (91%) disagreed or strongly disagreed that the District paid wages that were adequate and competitive. The widespread dissatisfaction resulted in fifty-four percent (54%) of educators stating that they have considered leaving the District, with an overwhelming seventy-five percent (75%)

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<sup>12</sup>See Tab 1-D, "SCTA Last Bargaining Position and Statement of Issues," and Tab 1-E, "SCUSD Last Bargaining Position and Statement of Facts."

<sup>13</sup>See Tab 1-B, "District Profile," and Tab 3-3, "Budget and Financial Reports."

who knew a colleague who recently left the District for higher pay in another District.<sup>14</sup>

**A. The 2016-17 Negotiations In Perspective:**

Despite the District's strong financial position, the 2016-17 negotiations between the District and the Association have been contentious. In the spring of 2016, the parties settled another contentious wage reopener, after the convening of a fact-finding hearing, and only after SCTA members had authorized a strike by a 98% margin, with an approximately 90% participation rate. The bargaining was made more contentious after the previous superintendent backtracked on a settlement regarding the reopener. The superintendent's backtracking reignited issues of mistrust that had hardly healed after the District signed and ratified an agreement in the summer of 2014 to preserve health benefits without change, only to unilaterally and unlawfully change benefits soon after the contract was settled.

Just before the agreement was reached in the spring of 2016, the District had run a campaign of disinformation, including an op-ed in the Sacramento Bee. This piece, authored by the superintendent at the time, appeared on the very day the fact-finding hearing convened, May 2, 2016, stating the District could not agree to a 5% wage increase, because it was more important "that we have enough money in the next economic downturn in the future." That is, students today should be deprived so that we can save money in the event of a rainy day. Less than one month later, the District agreed to a 5.7% salary increase with the Association. Shortly thereafter, the District then applied that same increase to all employees in the District, including unrepresented and cabinet-level administrators.<sup>15</sup>

In the agreement reached in June 2016, the parties agreed to extend the contract until December 1, 2016, with the expectation that bargaining would start in the fall and with a declared mutual goal of reaching an agreement by the time extension concluded.

In preparation for bargaining, the Association met extensively with its educators in the District, as well as parents and community stakeholders to create proposals that would put Sac City on the path to become the Destination District for California.<sup>16</sup>

Even before bargaining began, the District shined on an unlawful proposal that would have eliminated substitute teachers from the bargaining unit, reducing the

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<sup>14</sup>See Tab 1-F, "SCTA Educators Survey Results."

<sup>15</sup>See Tab 2-V, "SCUSD Contracts with Other Bargaining Units."

<sup>16</sup>See Tab 2-X, "Community Support."

SCTA bargaining unit by approximately 25%. Bargaining began on October 11, 2016, with the District raising unlawful objections to the size and composition of the SCTA bargaining team, and insisting on objectionable ground rules that unnecessarily delayed the bargaining process.<sup>17</sup>

Since then, the parties have met more than twenty-five times. On February 22, 2017, the Association presented the District with its last, best, and final offer in an effort to expedite the bargaining process. The Association also filed for impasse, which the state determined existed, over the District's objections. The parties then met on at least four separate occasions with the state mediator, who released the parties for fact-finding in late May 2017.<sup>18</sup>

The bargaining has been hindered by a confused decision-making process on the part of the District. Twice the District made a proposal that after spending over an hour each time explaining, ending up being retracted because the District provided the "wrong" proposal. On several other occasions, the District's bargaining team has lacked the authority to make or respond to proposals. As recently as September 15, 2017, the District refused to accept *its own* proposal that the Association accepted across the bargaining table.

## **II. The District is in the Best Financial Position in its History:**

**We established this fact—that the District is its best financial position in its history--in our last fact-finding hearing on May 2, 2016; since then, the District's financial position has improved even further.**

Let's first start with revenues.

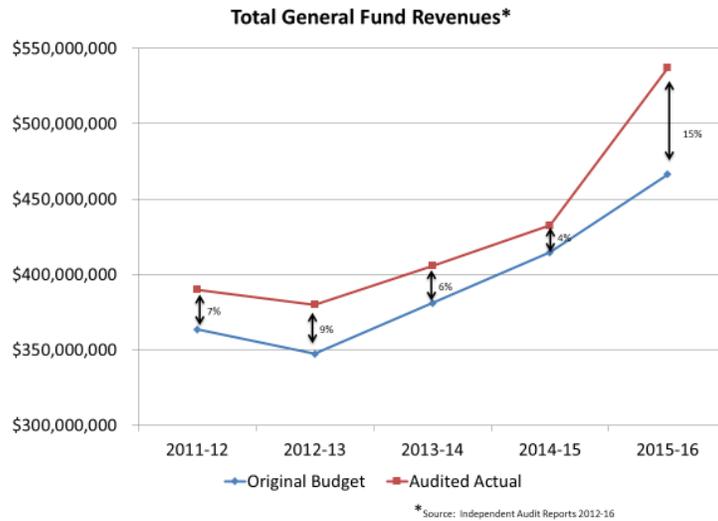
In 2012-13, the District total revenues were \$379,896,678. This year, 2017-18, the number is \$573,739,040, **an increase of 51%**. Of that, state revenues have increased from \$323,612,354 in 2012-13 to \$446,037,127, **an increase of 44%**. Looking just at LCFF funding, the District's funding has increased from \$220,376,042 in 2012-13 to \$373,155,522, **an increase of 69%**.<sup>19</sup>

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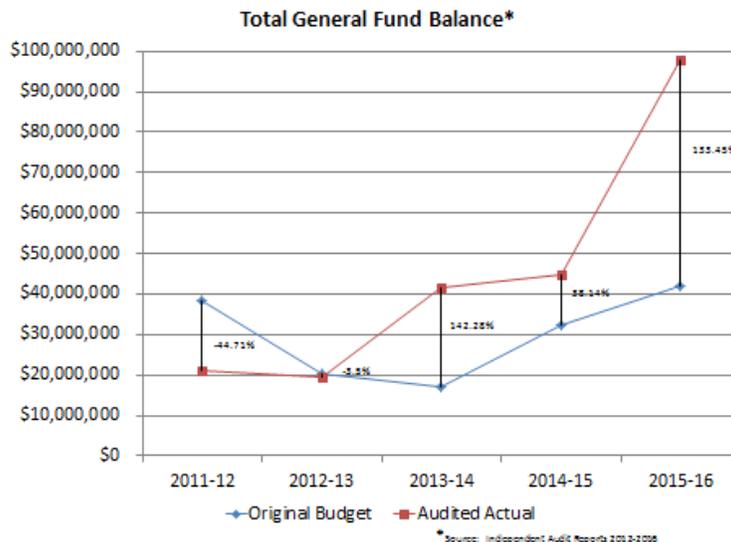
<sup>17</sup>See Tab 2-N, "Negotiation Documents."

<sup>18</sup>See Tab 2-N, "Negotiation Documents," and Tab 1-A, "PERB Documents."

<sup>19</sup>See Tab 3-3, "Budget and Financial Reports," and Tab 1-G, "Budget Comparability."



**When it comes to reserves, the numbers are even more startling.** The District reserves have grown by 320% since 2012-13, increasing from \$19,409,345 to **\$81,466,807 as of June 30, 2017**, largely by underspending on the salaries and benefits for certificated educators and underspending on books and supplies for students. And this amount does not include the approximately \$23 million the District transferred in 2016-17 from its reserve fund into its GASB 45 fund for retiree health benefits, that now currently exceeds \$45 million.<sup>20</sup>



It's important to note that the District is required to maintain a reserve fund of two percent (2%) of revenues, which for Sac City translates to approximately \$11 million.

<sup>20</sup>See Tab 3-3, "Budget and Financial Reports," and Tab 1-G, "Budget Comparability."

Sac City's reserves are nearly 8 times higher than that. Not only does hoarding money in a massive reserve deprive today's students of available resources that they may need to be successful, it also contradicts Senate Bill 858's provision No. 27, which prohibits District from hoarding money in its reserves. **Although Senate Bill 858 has not been enforced, it remains the law of the state and a clear policy directive from the state that districts should be spending today's dollars on today's students.**<sup>21</sup>

To the detriment of students, the District is not only failing to spend what it has already budgeted for certificated staff and books and supplies, but it also is underbudgeting what **should** be spent on educators, books and supplies. We will address how the District has prioritized the staffing and compensation for administrators below. **Among the 23 school districts in the state that have an Average Daily Attendance (ADA) of 30,000 students or more Sac City spends on average 16% less per pupil on bargaining members' salaries, but 4.3% more on administrators' pay.** The District ranks 22<sup>nd</sup> out of 23 in the total District outgo spent on bargaining unit salaries, and is in the lowest quartile (17<sup>th</sup> out of 23) when the salaries and benefits for all employees are compared.<sup>22</sup>

A recent audit of the District's Special Education department conducted by the Council of Great City Schools in the spring of 2017 noted that "SCUSD has larger student-per-staff ratios compared to 70 other urban school districts." Taken together with the absence of a multi-tiered system of student support, the inadequate staffing has resulted in Sac City having a substantially higher student population eligible for special education when compared to both state and national standards.<sup>23</sup>

In looking at a broad overview of the District's finances, some attention must be paid to the District's improved enrollment and our student's demographics. It has been part of the District's narrative, which we expect to be repeated here, that the District's enrollment is in death spiral, when the facts speak otherwise. For example, in its 2016-17 budget (p. 4 of 226, June 16, 2016), the District acknowledges that its enrollment is not decreasing "in both the prior fiscal year and budget year." Comparing the 2015-16 unaudited actuals (p. 3 of 172) and the 2016-17 (3 of 154), the Total District Regular ADA (Line 4) has remained virtually constant, with a slight increase from 38,903.79 in 2015-16 to 38,912.62 in 2016-17.<sup>24</sup>

Moreover, every indication is that in subsequent years, the District's enrollment and ADA will continue to increase as Sacramento's population continues to grow and

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<sup>21</sup>See Tab 1-J, "Ed Code and State Legislation."

<sup>22</sup>See Tab 1-G, "Budget Comparability," and Tab 1-H, "Compensation Comparability."

<sup>23</sup>See Tab 2-R, "Special Education and Multi-tiered Systems of Support."

<sup>24</sup>See Tab 3-3, "Budgets and Financial Reports."

housing development continues to expand. **In fact, a recent study which examines state public school attendance trends notes that Sacramento County (along with Kern and Riverside) is one of only 3 counties in the state where public school attendance is expected to increase dramatically.**<sup>25</sup> Finally, it is worth pointing out that to date, that without explanation, the District has rejected our proposal to create a Destination District committee that would dig in more deeply to understand why students who live in the District have chosen to attend schools outside of the District as well as to understand what improvements might be made to attract those students who may live outside the district but whose parents work near a Sac City school.

In addition, the District continually hides the fact that because of the wonderful diversity of our student population our ADA is higher than all but two districts in its comparative group. Most notably, Sac City's ADA is \$800 per student **higher** than both Elk Grove and San Juan, and is higher than comparable districts throughout the state. Total, per pupil revenue at Sac City is \$1930 per student higher than Elk Grove and San Juan.<sup>26</sup>

### **III. LCAP Priorities:**

The District's LCAP asserts that "Above all is a commitment to reducing the academic opportunity gap by ensuring that all students have equal access to opportunities, supports and the tools they need to be successful." This ironclad commitment is bolstered by a written guarantee that the "most significant ways SCUSD will improve services for low income students, English learners, and foster youth including a continued investment in these actions and services:

- Ensuring that every student has a fully credentialed, highly qualified teacher
- Providing professional learning to support student achievement
- Continuing the focus on equity and social justice through a coordinated approach to positive school climate and alternative discipline procedures
- Providing interventions both during the school day and in the after school space.<sup>27</sup>

As part of the LCAP, the District also conducted a survey in the spring of 2017 among teachers, students, parents, and the community. Recruitment and retention of teachers was the absolute highest priority among respondents in every category,

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<sup>25</sup>See Tab 3-2, "Vacancy Crisis and Subcontracting."

<sup>26</sup>See Tab 1-G, "Budget Comparability."

<sup>27</sup>See Tab 1-C, "LCAP and DELAC."

with an approval rating of 91%, including a 98% approval rating from Administrators.<sup>28</sup>

The following two charts were taken from the compilation of that survey’s results, which mirror the Association’s proposals:

*Table 4: Percent Agreement of EACH Action and Service, Goal 1*

Goal 1 - Actions and Services	% Agree
Teacher recruitment and retention	91%
Counselors	85%
Professional Learning	80%
Work Based Learning and Career Technical Education	79%
School Psychologists	77%
Preschool & Transitional Kindergarten	69%
Foster Youth Tutoring and Case Management	67%
Librarians	67%
Multilingual Literacy	63%
<b>Average % Agree</b>	<b>76%</b>

*Table 12: Percent Agreement of EACH Action and Service by Respondent Group, Goal 1*

Goal 1 Actions and Services	Teachers	Parents	Classified	Admin	Community
Teacher recruitment and retention	96%	88%	80%	98%	76%
Professional Learning	81%	81%	77%	88%	65%
Preschool & Transitional Kindergarten	71%	76%	56%	65%	59%
Counselors	88%	89%	73%	83%	76%
Librarians	73%	78%	41%	53%	35%
Work Based Learning and Career Technical Education	76%	89%	76%	75%	71%
School Psychologists	81%	83%	61%	75%	59%
Multilingual Literacy	57%	74%	62%	63%	65%
Foster Youth Tutoring and Case Management	61%	84%	64%	63%	59%
<b>Average % Agree</b>	<b>76%</b>	<b>82%</b>	<b>66%</b>	<b>74%</b>	<b>63%</b>

The District’s English Language Advisory Committee (DELAC) complements the priorities established by the LCAP<sup>29</sup>:

<sup>28</sup>See Tab 1-C, “LCAP and DELAC.”

<sup>29</sup>See Tab 1-C, “LCAP and DELAC.”

 Sacramento City Unified School District  
Putting Children First

**DELAC Subcommittee Priorities**

- Identified themes on which to focus:
  - High-quality ELD instruction time and professional development for teachers
  - Academic supports for EL students
  - Elementary arts instruction
  - Translation and interpretation services
  - Additional counselors, nurses, custodians, bilingual instructional assistants
  - Increased parent engagement opportunities

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 Sacramento City Unified School District  
Putting Children First

**May Survey Results**

- 1,961\* responses to date
- Goal 1 – College and Career Ready Students
  - Class size reduction, before- and after-school opportunities, Common Core-aligned teacher training among highest priorities
- Goal 2 – Safe, Clean and Healthy Schools
  - Nurses, psychologists, social workers, programs to improve culture/climate among highest priorities
- Goal 3 – Family and Community Engagement
  - Parent outreach and training, translation services among highest priorities

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Why is the District ignoring its LCAP and DELAC? By its own documentation the District has 119 vacancies, not counting positions that are filled with interns, and other non-fully credentialed staff while the District is sitting on reserves that exceed \$80 million.<sup>30</sup>

#### **IV. A Deeper Dig into the Sac City Budget**

##### **A. Destination District for Administrators.**

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<sup>30</sup>See Tab 3-2, “Vacancy Crisis and Subcontracting,” and Tab 3-3, “Budgets and Financial Reports.”

Not long ago, former Vice-president Joe Biden offered this insight: “Don't tell me what you value, show me your budget, and I'll tell you what you value.” By that standard, our District values administrators at the expense of students and teachers.

As mentioned above, among the 23 school districts in the state that have an Average Daily Attendance (ADA) of 30,000 students or more **Sac City spends on average 16% less per pupil on bargaining members' salaries, but 4.3% more on administrators' pay.** The District ranks 22<sup>nd</sup> out of 23 in the total District outgo spent on bargaining unit salaries, and is in the lowest quartile (17<sup>th</sup> out of 23) when the salaries and benefits for all employees are compared.<sup>31</sup>

Additional facts further demonstrate the point.

Let's start at the top. Our previous superintendent, Jose Banda, was the highest paid superintendent in the area at a salary of \$290,000 per year plus benefits. When our new superintendent, Jorge Aguilar, was hired on July 1<sup>st</sup>, Banda's already high salary was further increased to \$295,000, resulting in a 100% salary boost for Mr. Aguilar from his previous position in the Fresno Unified School District. If that weren't generous enough, the District has agreed to boost Mr. Aguilar's salary by an additional 3.5% per year in each of the next four years.<sup>32</sup> To be clear, to become the Destination District for California, we think it's appropriate that the Sac City superintendent is the highest paid in the area. But that's not where the discussion should end.

The District's willingness to spend money on administrators doesn't end with the Superintendent. An expose in the Sacramento Bee by Philip Reese on March 27, 2017, demonstrates the increase in spending on administrators. Reese writes: “Sac City Unified general fund spending on teacher salaries fell from \$143.4 million in 2010-11 to \$138.1 million in 2015-16, a decline of 4 percent. Over the same period, general fund spending on administrative salaries grew from about \$22 million to \$25 million, a rise of about 15%. (Adjusted for inflation, spending on teacher pay fell by 10 percent while administrator pay rose by 8 percent.)<sup>33</sup>

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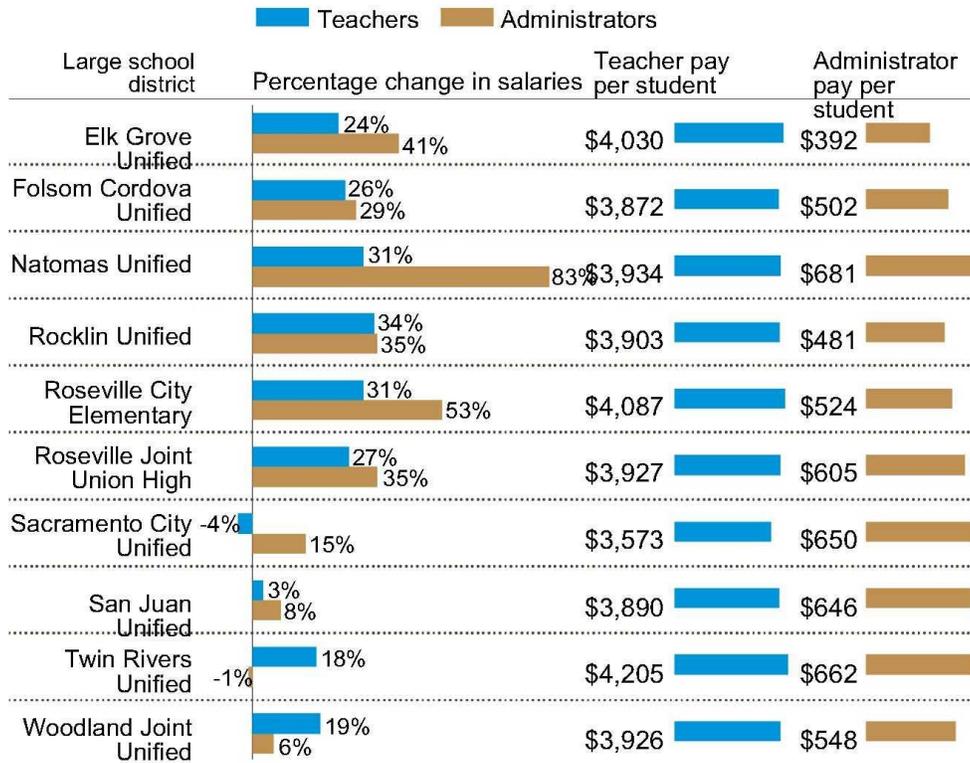
<sup>31</sup>See Tab 1-G, “Budget Comparability,” and Tab 1-H, “Compensation Comparability.”

<sup>32</sup>See Tab 3-1, “Destination District for Administrators.”

<sup>33</sup>See Tab 2-M, “Press Coverage.”

### Comparing administrator and teacher pay increases

Administrator pay rose faster than teacher pay in most local school districts between the 2010-11 school year and 2015-16. Per student spending on administrator and teacher pay can vary significantly by district.



Source: California Department of Education

The Sacramento Bee

The District’s own documents further illustrate the point. From 2014-15 to 2016-17 the District increased the number of administrators from 190 to 251, an increase of 32%.<sup>34</sup> And this number doesn’t include several newly-created positions, reflected in this chart<sup>35</sup>:

Job Title	Salary
Chief Continuous Improvement Officer	\$167,061
Assistant Superintendent Support Services	\$144,460
Assistant Superintendent Labor Relations	\$144,460
Executive Director Community Services	\$117,878
Director, Guidance and Counseling	\$134,365
Director, Analytics	\$134,365
Coordinator, Master Schedule	\$118,593
Interim Manager, Community Engagement	\$107,765

<sup>34</sup>See Tab 3-3, “Budgets and Financial Reports.”

<sup>35</sup>See Tab 3-1, “Destination District for Administrators.”

HR Personnel Resource Specialist	\$98,604
Total Salaries	\$1,167,551
Cost of Statutory Benefits 17.6195%	\$205,717
Cost of Benefits 9 x \$14,586	\$131,274
<b>Total Expense for New Positions<sup>36</sup></b>	<b>\$1,504,542</b>

And the most notorious recent example of the District’s willingness spend indiscriminately on administrators was its decision—with board approval-- to create what many understood to be a no-show job for deposed principal from Hiram Johnson, **after** the District had already agreed to pay \$175,000 to settle a sexual harassment claim against the same individual, a scandal exposed by the Sacramento Bee.<sup>37</sup>

The District’s largesse toward administrators didn’t end by simply increasing the number—the District has also increased administrator pay. For example, the pay for the Chief Business Officer position was increased by 25% from 2012-13 to 2016-17.<sup>38</sup>

And just three weeks ago, the District reached an agreement with the United Professional Educators, the organization that represents principals and other administrative staff, an agreement that is extremely relevant for these proceedings. Citing the need to “recruit and retain administrators,” the District agreed to restructure the administrators’ salary schedule, add and increase several longevity steps and to begin paying 80% of the cost of family health benefit coverage at an expense of \$9324 per administrator or the equivalent of an 8% salary increase. Together with the salary increases and longevity steps, our estimate of the average increase is between 15 and 20% over the three years of the contract.

The District also neglects to point out that several years ago, the administrators agreed to begin paying for their benefits in exchange for putting those dollars on the salary schedule, presumably enabling administrators to increase their retirement benefit. To put the UPE settlement in context then, years after moving the cost of benefits onto the salary schedule, the District agrees to pick up the cost of benefits, while not only maintaining the higher salary schedule, but by further increasing the

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<sup>36</sup>The salaries are based on Step 6 of the salary schedules for unrepresented and/or cabinet positions. The cabinet position also includes \$4800 for “in-district travel and expenses.” The cost of benefits is based on 80% of the cost of Kaiser family coverage. The statutory costs of 17.6195% was provided in the 2017-18 budget. This calculation does not include longevity steps or other stipends administrators may be entitled to.

<sup>37</sup>See Tab 2-M, “Press Coverage.”

<sup>38</sup>See Tab 3-1, “Destination District for Administrators.”

already artificially enhanced salary schedule—all in the name of recruitment and retention.<sup>39</sup>

It's important to note, finally, that there is only one administrator vacancy in the entire District, hardly a recruitment and retention crisis.

But there's more. A deeper look in the Equity Department 2016-17 Budget illustrates the point.<sup>40</sup> The Department has a budget of approximately \$1.5 million, with \$250,000 from Title 1, and \$1.25 million from LCFF. The Department has 7 staff: 5 certificated staff and 2 top level administrators: Mai Xi Lee who is paid \$147,918 in salary and Doug Husher, who receives \$186,850.30 in total compensation. 2 administrators, accounting for over 25% of the department's budget, while supervising a staff of 5. As an aside, raising an issue we will return to below, the District failed to bargain over the creation of these new positions, and rejected the proposal from the Association that those dollars be allocated to hire more psychologists who could help to advance the restorative practices implementation advocated by the Association's.

The District's top-heavy approach is further reflected in how it has attempted to use the \$2,670,032 provided by the State Senate Bill 77, Section 58 in October 2015, related to the Educator Effectiveness Funding Program.

The parties were able to reach an agreement to revamp the District's induction program, but remain in dispute regarding how exactly the funds may be spent.<sup>41</sup>

The law provides:

- 1) A school district, county office of education, charter school, or state special school shall expend funds allocated pursuant to this subdivision for any of the following purposes:
  - (A) Beginning teacher and administrator support and mentoring, including, but not limited to, programs that support new teacher and administrator ability to teach or lead effectively and to meet induction requirements adopted by the Commission on Teacher Credentialing and pursuant to Section 44259 of the Education Code.
  - (B) Professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support by local educational agencies.
  - (C) Professional development for teachers and administrators that is aligned to the state content standards adopted pursuant to Sections 51226, 60605, 60605.1, 60605.2, 60605.3, 60605.8, 60605.11, 60605.85, as that section read on June 30, 2014, and 60811.3, as that section read on June 30, 2013, of the Education Code.
  - (D) To promote educator quality and effectiveness, including, but not limited to, training on

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<sup>39</sup>See Tab 3-1, "Destination District for Administrators."

<sup>40</sup>See Tab 2-S, "Equity Office."

<sup>41</sup>See Tab 2-T, "Educator Effectiveness."

mentoring and coaching certificated staff and training certificated staff to support effective teaching and learning.

**But more consistent with its approach to be the Destination District for administrators, the District intends to spend over 40% of the funds, or \$1,080,000 on administrative staff, including a new Director of New Teacher Development, rather than on supports for teachers and the educational mentors.**

**B. Structural Underspending on Certificated Salaries, Benefits and Books and Supplies:**

There is no dispute that the District’s reserves have increased by 320% since 2012-13. Among the ways the reserve fund has grown so dramatically has been the District chronic underspending of dollars it had previously budgeted for certificated salaries and benefits.

This table shows one major source of that burgeoning reserve, salaries.<sup>42</sup>

**Certificated Salaries**

Year	Final Budget	Actual	Underspending
2013-14	\$161,633,721	\$159,772,198	\$1,861,523
2014-15	\$167,973,410	\$165,315,040	\$2,658,370
2015-16	\$179,202,886	\$176,005,412	\$3,197,474
		Total	<b>\$7,717,367</b>

Another source is demonstrated in this table, benefits:

**Benefits (includes non-certificated)**

Year	Final Budget	Actual	Underspending
2013-14	\$116,479,254	\$106,058,973	\$10,420,281
2014-15	\$135,771,975	\$134,164,354	\$1,607,621
2015-16	\$1142,070,369	\$139,255,928	\$2,814,441
		Total	<b>\$14,842,343</b>

And finally, books and supplies.

<sup>42</sup>See Tab 3-3, “Budgets and Financial Reports.”

**Books and Supplies**

Year	Final Budget	Actual	Underspending
2013-14	\$13,680,128	\$12,645,150	\$1,034,978
2014-15	\$21,041,105	\$14,881,152	\$6,159,953
2015-16	\$18,856,757	\$11,082,532	\$7,774,225
		Total	<b>\$14,969,156</b>

Totaling the three categories we can see that **\$37,528,866 of the \$56,309,989** increase to reserves between 2012-13 to 2015-16, or two-thirds (2/3) of the reserves, can be attributed to the structural underspending on certificated salaries, benefits, and books and supplies.

**C. The Hidden Pre-funding of Retiring Health Costs—the \$6,408 Question**

In many ways, one could argue the structural underspending engaged in by Sac City is not much different than the slush funds artificially created by the University of California system, a scandal that has received a considerable amount of media interest lately. The District is engaged in a similar budget game of three card monte when it comes to its pre-funding of retiree health costs, the so-called unfunded liability that some have used as a bludgeon to reduce retiree health benefits.

Through a deep probe of the District’s budget, the Association discovered—and the District confirmed—that for the past several years that the District has been assigning a cost of \$6408 per active employee FTE to pay for the ongoing costs of retiree health insurance benefits.<sup>43</sup> To say this budgeting gimmick has been less than transparent would be an understatement. In its most recent budget submitted to the board, the District’s summary of “Assumptions” states inaccurately with regard to Post-Retirement Health Benefits, “The district does not regularly pre-fund the future cost of post-retirement benefits.” (p.9 of 156). **That statement is purposefully misleading.**<sup>44</sup>

This funding gimmick is significant for several reasons. First the actual cost per retiree for health insurance is less than \$6408 per retiree. According the to the District’s most recent 2017-18 budget (p. 148 of 156) submitted to the board on June 28, 2017, the average cost per retiree for health benefits is \$5621.33, at least \$786 less per retiree than budgeted, a difference of 14%. Second, the number of active

<sup>43</sup>See Tab 2-O, “Health Benefits Costing.”

<sup>44</sup>See Tab 3-3, “Budgets and Financial Reports.”

employees (4364) far exceeds the number of retirees (3114), which, combined with excessive assignment of actual cost, means that the **District is budgeting approximately \$8 to 10 million per year more than the actual costs of retiree benefits.** This year, the District calculates the difference between its estimated actual cost and the amount it budgets based on the mysterious \$6408 allocation is \$8,018,673.39. Over the past few years, that surplus grew to over \$20 million which the District first held in what is known as Retirement Fund 71. Eventually those dollars were moved into the jointly administered GASB 45 or OPEB account, more than doubling the funds in that account. More importantly, this hidden pre-funding creates both an opportunity to secure a stable source of funding for future costs of retiree health benefits, and to identify another source of revenue—that has already been budgeted and would require no additional funding source—to pay for costs associated with economic improvements in the collective bargaining agreement.

The District has consistently overestimated the cost of retiree health benefits, and certainly has not highlighted the cost reductions that have occurred since 2013-14. As calculated via the J-90s, the per retiree cost for post-employment health benefits has been reduced by \$5064.20 per retiree, a reduction of 48.7%.<sup>45</sup>

**Calculation of Retiree Health Care Costs**

Year	Under 65 FTEs	Over 65 FTEs	Total FTEs	Total Cost	Cost/FTE
2013-14	297	1589	1886	\$19,687,899.00	\$10,438.97
2014-15	230	1636	1866	\$9,543,259.00	\$5,114.29
2015-16	207	1675	1882	\$10,115,312.00	\$5,374.77

**(Source J-90s)**

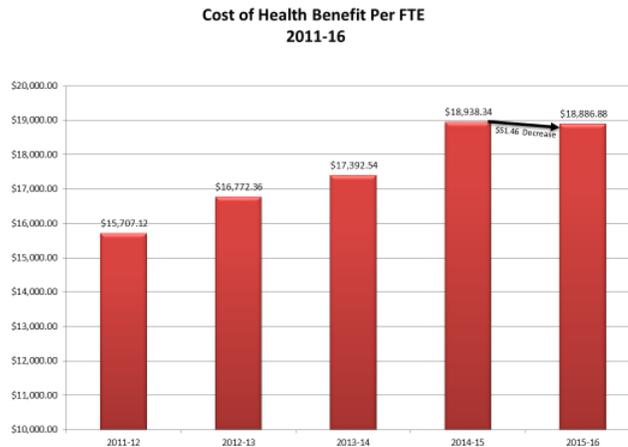
Finally, it should also be noted that the District has periodically set aside substantial contributions to its OPEB/GASB 45 fund, including an additional \$3 million in 2016-17, not counting the excess based on the \$6408 allocation, additional dollars that should be made available immediately to meet the needs of students and educators.

**D. The Cost of Health Insurance for Active Educators:**

One recurrent theme in the District’s justification for lower salaries and higher class sizes in Sac City was the cost of benefits for active educators. Consistently throughout this bargaining process, the District has overstated the cost of health insurance, including in its proposal of September 15, 2017, when it declares that the

<sup>45</sup>See Tab 2-O, “Health Benefits Costing.”

cost of health insurance is “approx.. \$26,847 per employee.” **The District knows this number is not accurate, because we have pointed it out to them repeatedly, yet it continues to repeat it for political purposes. The fact is that the cost for benefits per certificated FTE actually dropped between 2014-15 and 2015-16 as indicated in the graph below.**<sup>46</sup>



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In addition, the District historically overbudgets for the cost of health insurance. For example, in its 2016-17 budget, the District budgeted \$63,460,445 (June 16, 2016 p 221 of 226) for the cost of health benefits, including both active and retirees. The District’s actual costs in 2016-17 were \$60,677,716.80. This difference of \$2,782,729 is an overestimate of 4.5%.<sup>47</sup>

In addition to overbudgeting, the District has also done a less than stellar job in negotiating rates with the health insurance providers. A recent, “back of the envelope” calculation provided by the California Education Coalition for Health Care Reform (CECHCR) at the request of the parties suggests that a more effective purchasing strategy could net the District between \$3.125 million and \$11.7 million in savings without sacrificing the quality of the plans, additional revenue that could be used to improve the salaries and teaching climate for Sac City Educators.<sup>48</sup>

### **E. Subcontracting**

In recent years, the District has concealed its decision to subcontract the work of several SCTA represented classifications including but not limited to: nurses, psychologists, and language, speech and hearing specialists. Our collective bargaining agreement does not give the District the right to subcontract bargaining

<sup>46</sup>See Tab 2-O, “Health Benefits Costing.”

<sup>47</sup>See Tab 3-3, “Budgets and Financial Reports.”

<sup>48</sup>See Tab 2-O, “Health Benefits Costing.”

unit work, nor did the District give prior notice to the Association of its unlawful decision to subcontract. For nurses, the subcontracting has been at least \$100,000 per year for each of the last three years. For language, speech and hearing specialists, by its own admission the District is subcontracting at least 22.9 of the 59.3 budgeted FTE's. This is significant because, according to its contracts with the subcontractor, **the District is paying the subcontractor a daily rate of \$719.25 per day, or \$119.88 per hour, for an annualized salary of \$132,342 or \$38,577 more than the highest paid Language, Speech and Hearing specialist directly employed by the District.**<sup>49</sup>

### **Wage Placement**

Because of its difficulty in recruiting staff to take positions at Sac City, the District has further concealed its practice of hiring teachers at more competitive salaries, while trying to circumvent the salary uniformity section of Ed Code. At least five educators represented by SCTA were hired above the cap set forth in the contract. In at least one instance, the teacher was given credit for years of experience that she did not possess, simply so the District could hire the talented educator. As the District is well aware, its generosity towards these five educators must be shared in a non-discriminatory way with the rest of the bargaining unit.<sup>50</sup>

### **The “Cost” of Step and Columns**

In another act of deception, the District miscalculates throughout its budgets the “cost” of certificated step and column. In its most recent budget (p. 8 of 156), the District notes its calculation of ongoing expenditures “includes increases for salary schedule step and column movement less attrition credit.” The District calculates that cost at 1.7% of the bargaining unit payroll, a cost it estimates at \$2,638,789. The problem with the calculation, as we have pointed out to the District multiple times is that if “attrition credit” is factored in there is no cost. Furthermore, the amount, \$2,638,789, is less than 1.7% of its total certificated payroll. **The fact is because it has a turnover rate that rivals a fast food restaurant, the District does not have a step and column “cost;” it actually has a significant step and column savings.**<sup>51</sup>

We demonstrate this using two different methods.

First, during the mediation process we requested from the District what is known as a “Position Control Report” for May 2017. This report details every filled position, by name, placement on the salary schedule, annualized salary, and FTE status. It also

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<sup>49</sup>See Tab 3-2 “Vacancy Crisis and Subcontracting.”

<sup>50</sup>See Tab 2-Q, “Wage Placement.”

<sup>51</sup>See Tab 2-P, “Step and Column Savings.”

provides the exact location and FTE status of every certificated vacancy. We then requested the same data for May 2016.<sup>52</sup>

With this information, we could compare apples to apples. For both May of 2016 and 2017 we have a total payroll number, divided by the number of FTEs to arrive at the cost per FTE. Between May 2016 and May 2017, educators received a 5.7% increase to the salary schedule. The District also estimated the cost of step and column movement to be 1.7%. Because it allegedly factors in the “credit” for attrition, if the District’s calculations were correct, the average cost per FTE should have increased by 5.7% for the across the board, plus an additional 1.7% for the “cost” of step and column. The position control report of May 3, 2017, provides that 2350.667 FTEs received a total annualized salary of \$157,266,380.02. The position control report of May 15, 2016 provides that 2246.317 FTEs received an annual salary of \$148,401,940.56. The cost per FTE in May 2017, therefore was \$66,902.87; in May 2016, the cost per FTE was \$66,064.55, an annualized increase of only \$838.32 or 1.2%. By this method, the District can be estimated to have saved over \$12 million in turnover costs.

We also cross checked this figure using a different method. From July 1, 2015 through June 30, 2016, 217 employees separated from the District. Using their actual salary step placement, we calculated the average salary of teacher leaving the District at \$66,300.03. In 2016-17, the District hired 225 new teachers into the District. The average salary for those new teachers was \$46,285.62, a difference in salary of \$20,014.11 per teacher. Multiplying by only the 217 teachers who departed in 2015-16, the District saved \$4,343,061.87 in turnover, or the equivalent of over 2% in salary savings, certainly not a 1.7% cost.<sup>53</sup>

Even relying on the more conservative estimate, the District is inaccurate in its calculation of a step and column “cost,” rather than a savings.

## **V. The District That Cried Wolf**

### **A. Budgeting**

As detailed above, the District spending priorities are a major issue. But these concerns are exacerbated by the District’s complete failure to accurately forecast a budget and the bad decision that result from it.

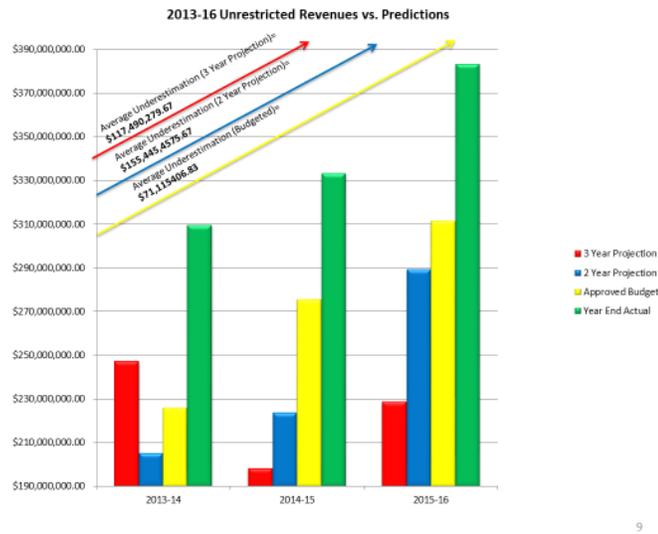
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<sup>52</sup>See Tab 3-2, “Vacancy Crisis and Subcontracting.”

<sup>53</sup>See Tab 2-P, “Step and Column Savings.”

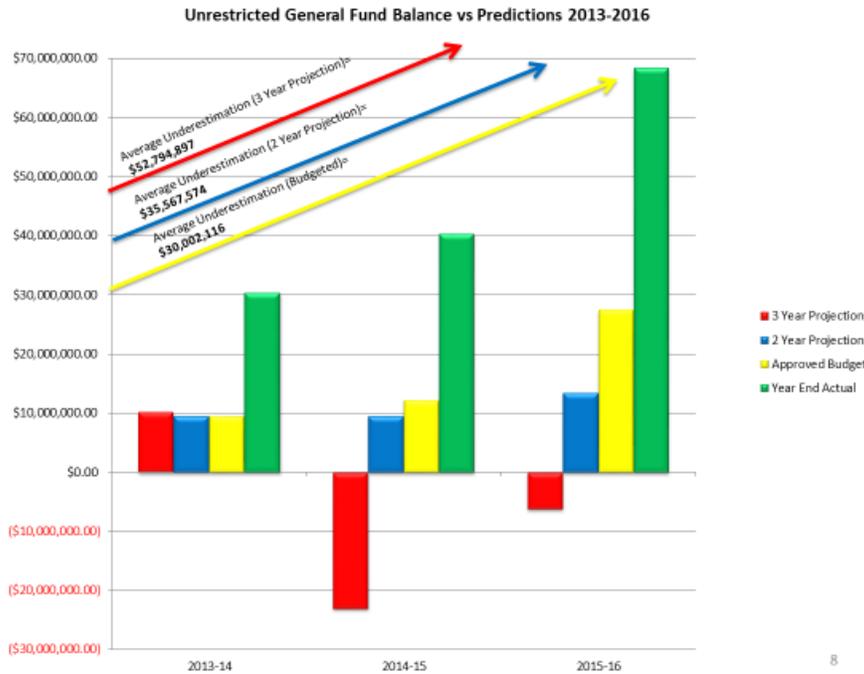
The graph below tells the story. In the past three years, the District has consistently underestimated its revenues in its immediate budget, its two-year projection, and in its three-year projection.<sup>54</sup>

**In the previous years, the District underestimated its revenue in its immediate budget by an average of \$71 million per year, by \$155 million per year in its two-year projection, and by \$117 million per year in its 3-year projections.**



The District has been similarly inaccurate in forecasting its reserve fund balances, as demonstrated in this chart:

<sup>54</sup>See Tab 3-3, “Budgets and Financial Reports.”



In both 2014-15, the District projected a \$11.5 million deficit; the District ended the year with a \$12.17 million surplus; in 2015-16, the District projected a \$4 million deficit; the District ended the year with a \$42.6 million surplus. And just this year, the District projected a slight, \$132,951 surplus. The District just ended the year with a \$4.8 million surplus, 36 times higher than budgeted.

**B. Deficit Spending and Earmarks in the Reserve Fund**

If history is any guide, the District will argue that money that is in its reserve should not be spent on costs that may be ongoing. This assertion ignores the fact that the Sac City Board of Education has approved budgets in three (3) of the last four (4) years that have projected deficit spending, including the budget for 2017-18. **It’s also hard to argue against deficit spending when the reserve was created by chronic underspending on salaries, benefits, and books as demonstrated above.**<sup>55</sup>

The District’s argument is even more fallacious after examining the earmarks contained in the Sac City budget. The 2016 reserve is illustrated below, and is the actual slide that was part of the District’s June 2016 presentation when its 2016-17 was adopted.

<sup>55</sup>See Tab 3-3, “Budgets and Financial Reports.”

	
<b><u>General Fund Summary Cont'd</u></b>	
• Ending Fund Balance	
• Reserves:	
• Revolving Cash and Stores	\$ .545 M
• Reserve for Economic Uncertainties	\$ 20.013 M
• Other Post Employment Benefits Liability	\$ 3.000 M
• Fleet Replacement	\$ .250 M
• Future Costs/Prop 30 Expiration	\$ 10.576 M
• District wide Technology Upgrades	\$ 4.000 M
• Cover deficit spending in future years	\$ 16.644 M
• Medi-Cal Funds	\$ .443 M
• Buy Down 3 days of Vacation Liability	<u>\$ 1.140 M</u>
• <b>Total Reserves</b>	<b>\$ 56.611 M</b>

Let's probe a little deeper.

First, what is the difference between a “Reserve for Economic Uncertainties,” \$20.013 million, and “Cover deficit spending in future years,” another \$16.644? To compound that, the District further attempts to segregate \$10.576 million for “Future Costs/Prop 30 Expiration.” That is, the District set aside \$10.576 million in the event Prop 30 was not renewed; we all know that Proposition 55 passed overwhelmingly. We have asked repeatedly what the District now intends to do with this money, or the additional \$36.6 million they set aside for economic uncertainties/deficit spending. And it further leaves unanswered the need for an additional \$3 million for “Other Post Employment Benefits Liability.”

### **C. Pension Increases**

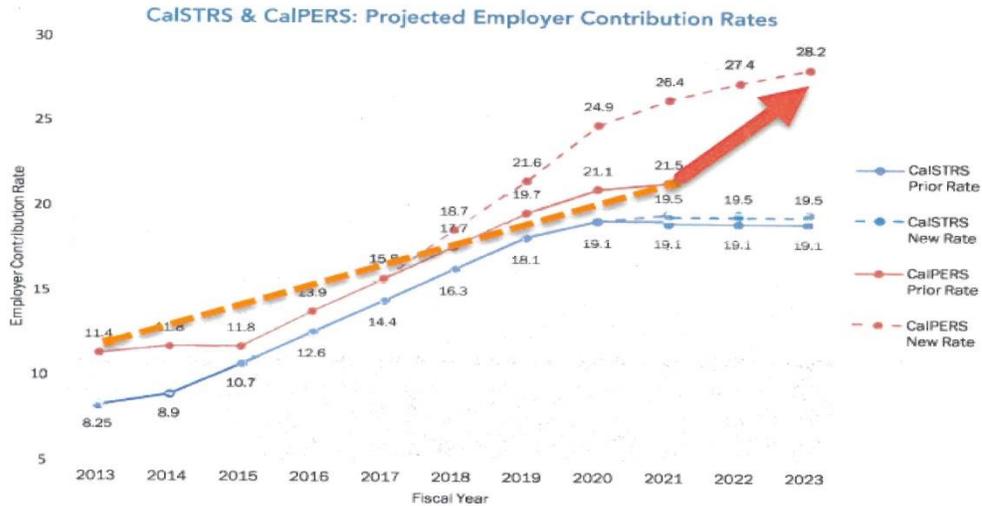
The District has been shameless in trotting out this graph to argue that its pension costs are rising out of control, and that increased LCFF funding hasn't provided the funds necessary for District to address these costs.<sup>56</sup>

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<sup>56</sup>This graph is taken from the District's 2017-18 Budget presentation, June 15, 2017. It is replicated on the District's website which provides “information” related to bargain. See [http://www.scusd.edu/sites/main/files/file-attachments/rising\\_pension\\_costs\\_ca\\_schools.pdf](http://www.scusd.edu/sites/main/files/file-attachments/rising_pension_costs_ca_schools.pdf).



## Increasing Pension Costs



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A closer look at the District’s graph, which requires ignoring the strategically placed big orange arrow, indicates the contributions to CALSTRs--which covers this bargaining unit—leveling off beginning in 2020.

But let’s look at what happened before that.

From 2012-13 through 2016-17, the District’s ADA has increased from \$8000 per student to \$11,515 per student, an increase of \$3514 or 43.9%. Over the same period of time, the District’s CalSTRS contribution increased from 8.88% to 12.58%, an increase of 3.7%.

In real dollar terms, the numbers further undermine the District’s argument. **While the District revenues from the state have increased by \$122,424,774 from 2012-13 through 2016-17, its pension costs have increased by \$5.6 million, a net surplus of \$117 million for the District.**<sup>57</sup>

### D. Comparability

<sup>57</sup>See Tab 3-3, “Budgets and Financial Reports.”

The District’s propensity to distort and distract is reflected in the districts that Sac City has historically compared itself to. Although in recent years, the District has been recruiting staff from the American South and overseas, including China and the Philippines, the District “cherry picks” its comparative groups when it comes to the wages, benefits and working conditions of its certificated staff. In the last fact-finding, and we assume it will use the same group this time, the District has twice as many students, has a 24% higher unduplicated pupil percentage, and receives \$1600 per student more than its “comparable” districts. To put things in perspective, Sac City has more vacancies than Center Joint and River Delta School districts have budgeted positions.<sup>58</sup>

When it comes to comparability regarding salaries for educators, Sac City is at or near the bottom in every category—22/23 for BA +30 Step 1; 23/23 for BA +45, Step 5; 23/23 for BA +60, Step 10; 23/23 for BA +75, Step 12. It is only with maximum earnings, which a Sac City teacher has to wait 26 years to achieve, is Sac City out of the basement—but still only 14<sup>th</sup> out of 23. Even taking into account the cost of benefits, which the District will emphasize ad nauseum, Sac City’s rank moves up only slightly.<sup>59</sup>

### E. Costing

Our ability to reach an agreement has been hindered by the District’s lack of transparency, coherency and consistency related to evaluating the costs associated with our bargaining unit. **In our last fact-finding, in May 2016, the District was unable to provide details in how it determined the cost of a 1% salary increase.** Although the District’s analysis has improved, the issue is still unresolved.<sup>60</sup> The chart below provides more detail:

<b>Budget</b>	<b>Cost of 1%</b>	<b>Total Payroll</b>	<b>FT Es</b>	<b>Cost per FTE</b>
Orig. 2017-18, June 15, 2017	\$2,071,517	\$207,517,000	2206	\$94,069.35
2 <sup>nd</sup> Interim 2016-16, March 16, 2017	\$2,120,684	\$212,684,000	2183	\$97,427.39
1st Interim 2016-17 December 8, 2016	\$2,120,684	\$212,684,000	2176	\$97,740.80
Orig. 2016-17	\$1,965,210	\$196,521,000	2159	\$91,024.08

The same inexplicable fluctuations occur with regard to health care costs:

<sup>58</sup>See Tab 1-G, “Budget Comparability.”

<sup>59</sup>See Tab 1-H, “Compensation Comparability.”

<sup>60</sup>See Tab 2-N, “Negotiation Documents.”

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Budget	Cost of Benefits	FTEs	Cost per FTE
Orig. 2017-18, June 15, 2017	\$64,423,934	2206	\$29,203.95
2 <sup>nd</sup> Interim 2016-16, March 16, 2017	\$61,810,384	2183	\$28,314.42
1st Interim 2016-17 December 8, 2016	\$63,515,164	2176	\$29,188.95
Orig. 2016-17, June 16, 2016	\$63,460,445	2159	\$29,393.44

Through mediation, however, we believe we reached an understanding on the actual payroll cost for 2016-17 as follows:

2016-2017 Salary Costs		Calculated 5/2/2017	
SCTA		2/1/2017	Agreed with SCTA to calculate the vacancies at average placement as of February 1, 2017
Object			
Code	Description	Total by Object	Positions Included
1101	Teacher Salary - Regular	\$140,794,727	Regular Teachers - Actuals salaries less vacancies at \$44664 per FTE for 115.8 vacancies
1102	Teacher Salary - Substitute	\$5,414,663	Subs in 2015-16, we paid \$7,427,379; The \$5.4 Million paid for 2015-16 was for Unrestricted (it does not include staff development).
1103	Teacher Salary - Temporary	\$3,147,032	Coaching Stipends or Per Diems (Tutoring, Summer School): Temp paid in 2015-16; \$3,691,106
1104	Teacher Salary - Adult Ed - 18 Hours	\$193,616	\$209,609.93 paid in 2015-16
1106	Teacher Salary - Adult Ed + 18 Hours	\$783,276	\$774,275.76 paid in 2015-16
1201	Librarian Salary- Regular	\$1,009,376	
1211	Guidance/Melfare/Atnd Sal - Regular	\$5,520,016	Counselors or Social Workers
1221	Physical/Mental Health Sal - Regular	\$4,821,458	Nurses or Psychologists
1228	Physical/Mental Health Salary - Summer -Hourly	\$0	Agreed with Tom, mediator, to remove from calculation
1901	Other Certificated Salary- Regular	\$5,799,816.39	Training Specialists or Program Specialists; Was \$7,544,540
1903	Other Certificated Salary - Temporary	\$3,073,888	Head Teachers or Stipends (Professional Learning, Academic Conferences require to attend, Testing, Teacher Meetings); \$2,568,344.31 Testing (START, CELDT, ACE, etc.
	<b>Total SCTA salary</b>	<b>\$170,557,868</b>	
	Statutory Taxes:		
	STRS	12.58%	
	Medicare	1.45%	
	Unemployment	0.0595%	
	Worker's Comp	1.68%	
		15.77%	
	<b>Total Salary &amp; Statutory taxes</b>	<b>\$197,454,844</b>	
	One percent increase - Multiply by (.01)	\$1,974,548	

And, as mentioned previously above, the calculated costs for benefits, using the February 2016 actual payments as the baseline for annualized cost are as follows<sup>61</sup>:

	Feb 2016	Annualized
Retiree Medical	\$916,212.58	\$10,994,551.00
Retiree Opt Out	\$61,186.40	\$734,236.80
Active Medical, including dental, vision and life	\$4,079,077.42	\$48,948,929.00
Total		\$60,677,716.80

*We believe understanding these differences are significant because it may point to a potential solution in reaching an agreement.*

	Actual 2016-17	Budgeted 2017-18 No increase	Difference from actual	Budgeted 2017-18 with District proposed increase	Difference From actual
Payroll	\$197,454,844	\$207,517,000	\$10,062,156	\$219,968,020	\$22,513,176
Health Benefits	\$60,677,717	\$64,423,934	\$3,746,218	\$64,423,934	\$3,746,218
Step & Column (1.7%)	\$0	\$2,638,789*	\$2,638,789	\$3,739,456	\$3,739,456
Total	\$258,132,560	\$274,579,723	<b>\$16,447,163</b>	\$288,131,410	<b>\$29,998,850</b>

\*Note: The District calculates step and column but \$2.639 is only 1.3%.

## **VI. The Impact of Sac City’s Failure to Prioritize Students**

So what is the impact on students because of the District’s failure to make students and educators its top priorities?

Of 23 comparable Districts in California, Sac City ranks 22 out of 23 on the percent of total outgo spent on teachers’ salaries, even though Sac City has a substantial funding advantage in relation to comparable districts.<sup>62</sup>

<sup>61</sup>See Tab 2-O, “Health Benefits Costing.”

<sup>62</sup>See Tab 1-G, “Budget Comparability.”

As of September 15, 2017, Sac City has 119.0331 FTE vacancies, which does not include those teachers for whom the District had to obtain credential waivers from the California Department of Education (CDE). That means approximately 10% of the District's students are being taught by a teacher who is not fully credentialed. With an annual turnover rate that has exceeded ten percent (10%), students are further deprived of experience, stability and quality of dedicated educators who remain in the District.

Understanding that Sac City was in the best financial position in its history, the Association began an internal and external conversation of the steps that could be taken to make our District THE Destination District for California.

Our proposals are reflective of that deep conversation.

We have met with the District twenty-seven times, including most recently September 27<sup>th</sup>. It is true that we have made progress in many areas:

- We have addressed the District's concerns about the cost of health insurance benefits by agreeing to work together to negotiate with the insurance companies to save potentially millions of dollars that should be better spent on our students;
- We have addressed a major concern of some District leaders by providing a secured funding stream that helps to alleviate the long-term exposure of the so-called unfunded liability related to retiree health insurance;
- We agreed to a revamped hiring, transfer and assignment process;
- We have revamped the grievance procedure to enable more effective resolution of workplace issues;
- We reached a testing agreement that ensures that monitoring of student progress will be meaningful and useful.

But several issues remain.

It's worth noting that in addition to the District LCAP, the DELAC, and the recommendations from the District's key note speaker to the Superintendent's Task Force to Improve Graduation Rates, several Sac City School Board policies support the Association's proposals to Make Sac City the Destination District for California.<sup>63</sup>

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<sup>63</sup>See Tab 1-J, "Board Policies."

The District's LCAP highlights recruiting and retaining highly qualified certificated staff who reflect the diversity of our District, a directive further reinforced in existing Board Policy. Policy 5030, for example, states that "The Board recognizes the success of district students and programs hinges on effective personnel. The Board shall actively support staff wellness by establishing safe and supportive working conditions that will attract and retain staff members who are highly qualified and dedicated to the education and welfare of students."

And yet the District rejects our proposals to make salaries in Sac City more competitive, perpetuating policies that encourage employee turnover coupled with 119 vacancies--leaving thousands of students without a fully credentialed teacher.

Board Policy 6142.6 states "The Governing Board of the Sacramento City Unified School District recognizes that arts education, including subjects such as dance, drama/theatre, music and visual arts, contributes significantly to the education of all students. The Board supports a K-12 education curriculum that offers fine arts as part of the regular and extended day for all students."

And yet the District rejects our proposal to offer arts and music to all students.

Board Policy 6151 states: "The Governing Board recognizes that teachers today must meet the needs of students whose experience and preparation for school are increasingly diverse, and that the number of students in a class reduces the extent to which teachers can identify and respond to individual student needs."

The Policy further states that class sizes for K-3 should be 20 to 1 or fewer and that the "Board desires to provide class size of no more than 20 students in all courses in grades 9-12 that count toward the completion of graduation requirements in English, mathematics or social studies or science."

And yet the District rejects our proposals for reduced class sizes.

Board Policy 5030 states: "Professionals such as credentialed school social workers, school counselors, psychologists will strive to provide assessments and consultation that contribute to the health of students and to the overall health of the school environment.

And yet the District rejects our proposals to provide reasonable staffing levels for school nurses, psychologists and other professional support staff.

Board Policy 5144 required "Mandatory professional development in Restorative

Practices and Social and Emotional Learning.”

And yet the District rejects our proposal for Restorative Practices.

These outstanding issues, which are detailed in the Association’s grid of issues in Tab 1-D, can be separated into four broad categories:

1. Economics
2. Class Size and Staffing
3. Whole Child Education
4. Other issues.

1. Economics:

A. The salaries in Sac City are not competitive. This is best demonstrated visually in this analysis of the current pay structure of Sac City compared to Elk Grove and San Juan

Red demonstrates the cells in the current salary structure where the Elk Grove and San Juan schedules are currently higher than Sac City.<sup>64</sup>

Current 2017-2018 Salary Schedules vs San Juan Unified

	BA	BA+30	BA+45	BA+75	BA+90	BA+103
1	(\$1,176)	(\$1,548)	(\$1,925)	(\$2,994)	(\$4,530)	(\$2,247)
2	(\$1,402)	(\$1,780)	(\$2,734)	(\$4,900)	(\$6,285)	(\$3,993)
3	(\$1,634)	(\$2,012)	(\$4,662)	(\$6,098)	(\$6,665)	(\$4,260)
4	(\$2,339)	(\$4,102)	(\$6,514)	(\$6,891)	(\$7,512)	(\$4,983)
5	(\$3,381)	(\$5,922)	(\$7,107)	(\$7,871)	(\$8,553)	(\$5,905)
6	(\$3,910)	(\$6,876)	(\$7,829)	(\$9,043)	(\$9,804)	(\$7,030)
7	(\$4,795)	(\$8,439)	(\$8,963)	(\$10,432)	(\$11,281)	(\$8,385)
8	(\$3,128)	(\$11,273)	(\$10,283)	(\$12,430)	(\$13,402)	(\$10,383)
9	(\$3,128)	(\$11,273)	(\$12,730)	(\$15,881)	(\$17,052)	(\$13,915)
10	(\$3,128)	(\$11,273)	(\$10,738)	(\$16,182)	(\$17,387)	(\$14,122)
11	(\$3,128)	(\$11,273)	(\$8,743)	(\$16,610)	(\$17,846)	(\$14,462)
12	(\$3,128)	(\$11,273)	(\$6,319)	(\$14,287)	(\$15,404)	(\$11,901)
13	(\$3,128)	(\$11,273)	(\$6,319)	(\$11,430)	(\$12,410)	(\$8,750)
14	(\$3,128)	(\$11,273)	(\$6,319)	(\$7,499)	(\$8,277)	(\$4,415)
15	(\$4,193)	(\$12,502)	(\$7,676)	(\$9,120)	(\$9,988)	(\$6,126)
16	(\$4,193)	(\$12,502)	(\$7,676)	(\$9,120)	(\$9,988)	(\$6,126)
17	(\$4,193)	(\$12,502)	(\$7,676)	(\$7,133)	(\$7,900)	(\$3,937)
18	(\$5,259)	(\$13,731)	(\$9,033)	(\$8,754)	(\$9,610)	(\$5,647)
19	(\$5,259)	(\$13,731)	(\$9,033)	(\$8,754)	(\$9,610)	(\$5,647)
20	(\$7,390)	(\$16,188)	(\$11,748)	(\$10,005)	(\$10,941)	(\$6,873)
21	(\$7,390)	(\$16,188)	(\$11,748)	(\$10,005)	(\$10,941)	(\$6,873)
22	(\$7,390)	(\$16,188)	(\$11,748)	(\$10,005)	(\$10,941)	(\$6,873)
23	(\$7,390)	(\$16,188)	(\$11,748)	(\$6,491)	(\$7,250)	(\$2,998)
24	(\$7,390)	(\$16,188)	(\$11,748)	(\$6,491)	(\$7,250)	(\$2,998)
25	(\$7,390)	(\$16,188)	(\$11,748)	(\$6,491)	(\$7,250)	(\$2,998)
26	(\$7,390)	(\$16,188)	(\$11,748)	(\$6,491)	(\$7,250)	\$1,413

Current 2017-2018 Salary Schedules vs Elk Grove Unified

	BA (A)	BA+15	BA+30	BA+45 (B)	BA+60	BA+75 (C)	BA+90 (D)	BA+105 (E)
1	(\$73)	(\$73)	(\$73)	(\$1,461)	(\$4,691)	(\$8,060)	(\$9,614)	(\$9,704)
2	(\$71)	(\$71)	(\$71)	(\$2,513)	(\$5,576)	(\$9,013)	(\$10,352)	(\$10,477)
3	(\$70)	(\$70)	(\$696)	(\$3,470)	(\$6,527)	(\$8,687)	(\$9,123)	(\$9,177)
4	(\$68)	(\$311)	(\$2,711)	(\$3,663)	(\$7,823)	(\$8,277)	(\$8,699)	(\$8,707)
5	\$300	(\$1,718)	(\$4,010)	(\$4,701)	(\$7,748)	(\$7,865)	(\$8,258)	(\$8,238)
6	(\$63)	(\$1,972)	(\$4,262)	(\$4,601)	(\$7,669)	(\$7,446)	(\$7,812)	(\$7,754)
7	(\$315)	(\$2,224)	(\$4,515)	(\$4,529)	(\$7,577)	(\$7,031)	(\$7,383)	(\$7,289)
8	\$1,352	(\$3,044)	(\$5,333)	(\$5,014)	(\$8,072)	(\$7,187)	(\$7,551)	(\$7,447)
9	\$1,352	(\$3,044)	(\$7,814)	(\$5,693)	(\$8,559)	(\$7,349)	(\$7,714)	(\$7,603)
10	\$1,352	(\$3,044)	(\$10,306)	(\$5,995)	(\$9,054)	(\$7,499)	(\$7,875)	(\$7,748)
11	\$1,352	(\$3,044)	(\$10,306)	(\$6,491)	(\$9,544)	(\$7,791)	(\$8,178)	(\$8,054)
12	\$1,352	(\$3,044)	(\$10,306)	(\$6,729)	(\$9,860)	(\$8,008)	(\$8,409)	(\$8,279)
13	\$1,352	(\$3,044)	(\$10,306)	(\$6,729)	(\$12,457)	(\$7,832)	(\$8,227)	(\$8,060)
14	\$1,290	(\$3,060)	(\$10,574)	(\$6,958)	(\$12,657)	(\$4,085)	(\$4,285)	(\$3,926)
15	\$700	(\$3,648)	(\$10,844)	(\$7,167)	(\$12,858)	(\$4,266)	(\$4,478)	(\$4,126)
16	(\$433)	(\$4,784)	(\$11,976)	(\$8,319)	(\$13,991)	(\$5,402)	(\$5,673)	(\$5,371)
17	(\$1,707)	(\$5,920)	(\$13,111)	(\$9,455)	(\$15,128)	(\$4,550)	(\$4,774)	(\$4,420)
18	(\$2,701)	(\$7,053)	(\$14,244)	(\$10,590)	(\$16,260)	(\$5,685)	(\$5,964)	(\$5,662)
19	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$9,308)	(\$10,098)	(\$9,973)
20	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$7,317)	(\$8,009)	(\$7,779)
21	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$7,317)	(\$8,009)	(\$7,779)
22	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$7,317)	(\$8,009)	(\$7,779)
23	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$3,803)	(\$4,318)	(\$3,904)
24	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$3,803)	(\$4,318)	(\$3,904)
25	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$3,803)	(\$4,318)	(\$3,904)
26	(\$5,469)	(\$9,949)	(\$17,358)	(\$13,938)	(\$19,779)	(\$3,803)	(\$4,318)	\$507

<sup>64</sup>See Tab 1-H, “Compensation Comparability.”

The next set shows the impact—or lack thereof—of the District’s proposal to address the issue. This is the same graphic, but after the wage increases proposed by the District are included. Still a sea of red that needs to be fixed!

School District Proposal for 2018-2019 vs San Juan							School District Proposal for 2018-2019 vs Elk Grove							
	BA	BA+30	BA+45	BA+75	BA+90	BA+105	BA	BA+15	BA+30	BA+45	BA+60	BA+75	BA+90	BA+105
1	\$1,537	\$1,165	\$788	(\$281)	(\$1,751)	\$671	\$2,640	\$2,640	\$2,640	\$1,252	(\$1,978)	(\$5,347)	(\$6,835)	(\$6,786)
2	\$1,311	\$933	(\$21)	(\$2,187)	(\$3,491)	(\$1,059)	\$2,642	\$2,642	\$2,642	\$200	(\$2,863)	(\$6,300)	(\$7,558)	(\$7,543)
3	\$1,079	\$701	(\$1,949)	(\$3,308)	(\$3,735)	(\$1,184)	\$2,643	\$2,643	\$2,017	(\$757)	(\$3,814)	(\$5,897)	(\$6,193)	(\$6,101)
4	\$374	(\$1,389)	(\$3,764)	(\$3,959)	(\$4,433)	(\$1,750)	\$2,645	\$2,402	\$2	(\$913)	(\$5,073)	(\$5,345)	(\$5,610)	(\$5,474)
5	(\$631)	(\$3,172)	(\$4,236)	(\$4,798)	(\$5,326)	(\$2,516)	\$3,050	\$1,032	(\$1,260)	(\$1,830)	(\$4,877)	(\$4,792)	(\$5,031)	(\$4,849)
6	(\$1,059)	(\$4,025)	(\$4,836)	(\$5,828)	(\$6,428)	(\$3,485)	\$2,788	\$879	(\$1,411)	(\$1,608)	(\$4,676)	(\$4,231)	(\$4,436)	(\$4,209)
7	(\$1,843)	(\$5,487)	(\$5,849)	(\$7,075)	(\$7,756)	(\$4,684)	\$2,637	\$728	(\$1,563)	(\$1,415)	(\$4,463)	(\$3,674)	(\$3,858)	(\$3,588)
8	(\$75)	(\$8,220)	(\$7,047)	(\$8,932)	(\$9,729)	(\$6,526)	\$4,405	\$9	(\$2,280)	(\$1,778)	(\$4,836)	(\$3,689)	(\$3,878)	(\$3,590)
9	(\$75)	(\$8,220)	(\$9,373)	(\$12,241)	(\$13,230)	(\$9,902)	\$4,405	\$9	(\$4,761)	(\$2,336)	(\$5,202)	(\$3,709)	(\$3,892)	(\$3,590)
10	(\$75)	(\$8,220)	(\$7,260)	(\$12,401)	(\$13,417)	(\$9,953)	\$4,405	\$9	(\$7,253)	(\$2,517)	(\$5,576)	(\$3,718)	(\$3,906)	(\$3,579)
11	(\$75)	(\$8,220)	(\$5,144)	(\$12,687)	(\$13,727)	(\$10,137)	\$4,405	\$9	(\$7,253)	(\$2,892)	(\$5,945)	(\$3,868)	(\$4,059)	(\$3,729)
12	(\$75)	(\$8,220)	(\$2,572)	(\$10,223)	(\$11,136)	(\$7,420)	\$4,405	\$9	(\$7,253)	(\$2,982)	(\$6,113)	(\$3,944)	(\$4,141)	(\$3,798)
13	(\$75)	(\$8,220)	(\$2,572)	(\$7,192)	(\$7,960)	(\$4,077)	\$4,405	\$9	(\$7,253)	(\$2,982)	(\$8,710)	(\$3,594)	(\$3,777)	(\$3,387)
14	(\$75)	(\$8,220)	(\$2,572)	(\$3,021)	(\$3,575)	\$522	\$4,343	(\$7)	(\$7,521)	(\$3,211)	(\$8,910)	\$393	\$417	\$1,011
15	(\$1,140)	(\$9,449)	(\$3,929)	(\$4,642)	(\$5,286)	(\$1,189)	\$3,753	(\$595)	(\$7,791)	(\$3,440)	(\$9,111)	\$212	\$224	\$811
16	(\$1,140)	(\$9,449)	(\$3,929)	(\$4,642)	(\$5,286)	(\$1,189)	\$2,620	(\$1,731)	(\$8,922)	(\$4,572)	(\$10,244)	(\$924)	(\$971)	(\$434)
17	(\$1,140)	(\$9,449)	(\$3,929)	(\$2,534)	(\$3,071)	\$1,133	\$1,483	(\$2,867)	(\$10,058)	(\$5,708)	(\$11,379)	\$49	\$55	\$650
18	(\$2,206)	(\$10,677)	(\$5,286)	(\$4,155)	(\$4,781)	(\$577)	\$352	(\$4,000)	(\$11,191)	(\$6,843)	(\$12,513)	(\$1,086)	(\$1,135)	(\$592)
19	(\$2,206)	(\$10,677)	(\$5,286)	(\$4,155)	(\$4,781)	(\$577)	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	(\$4,709)	(\$5,269)	(\$4,903)
20	(\$4,337)	(\$13,134)	(\$8,001)	(\$5,285)	(\$5,985)	(\$1,670)	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	(\$2,597)	(\$3,053)	(\$2,575)
21	(\$4,337)	(\$13,134)	(\$8,001)	(\$5,285)	(\$5,985)	(\$1,670)	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	(\$2,597)	(\$3,053)	(\$2,575)
22	(\$4,337)	(\$13,134)	(\$8,001)	(\$5,285)	(\$5,985)	(\$1,670)	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	(\$2,597)	(\$3,053)	(\$2,575)
23	(\$4,337)	(\$13,134)	(\$8,001)	(\$1,557)	(\$2,070)	\$2,441	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	\$1,131	\$863	\$1,535
24	(\$4,337)	(\$13,134)	(\$8,001)	(\$1,557)	(\$2,070)	\$2,441	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	\$1,131	\$863	\$1,535
25	(\$4,337)	(\$13,134)	(\$8,001)	(\$1,557)	(\$2,070)	\$2,441	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	\$1,131	\$863	\$1,535
26	(\$4,337)	(\$13,134)	(\$8,001)	(\$1,557)	(\$2,070)	\$7,121	(\$2,416)	(\$6,896)	(\$14,305)	(\$10,191)	(\$16,032)	\$1,131	\$863	\$6,215

This also does not account for the fact that the salaries in San Juan and Elk Grove in 2018-19 are likely to increase in subsequent contract negotiations, keeping Sac City teachers even farther behind.

2. Class Sizes and the Staffing of Other Professionals.

The LCAP, Board policy, and volumes of studies of education recognize the value of lower class sizes and reasonable staffing loads for certificated professionals like school nurses, psychologists, counselors, social workers and others. And yet the record clearly shows that the District is more concerned with adding administrators than ensuring that students are provided the best learning environment. This view of the District was confirmed in polling related to the parcel tax measure, and it was also confirmed in the scathing audit of special education by the Council of Great

City Schools. It should be noted that the Council of Great City Schools, of which the previous superintendent sat on the board of director, is not a government watchdog agency, but rather an administrative-led organization of education insiders, an institution naturally predisposed to be less critical to school districts.

### 3. Whole Child Education

There are four primary areas where we have made proposals to the District, professional learning, restorative practices, special education/early academic intervention and arts and music.

In the first three areas, we have proposed committees that would provide for true, meaningful input from educators, which the District has rejected. The District has even rejected a proposal from us to explore how to make Sac City the Destination District.

With regard to restorative practices, as discussed earlier, the District unlawfully created a top-down, administrative program that conflicts with its own Board policy.<sup>65</sup>

Concerning special education and early academic intervention the District identified the acute need to replace Appendix D in the current contract, only to hesitate and delay in negotiating over a bona fide replacement. The special education audit explicitly directed the District to address these issues; but the District still hesitates.

Finally, our Whole Child Education proposal also concerns introducing our students to arts and music, another initiative supported by Board Policy. Students are unlikely to receive classes in arts and music if the District doesn't actually make it a priority.<sup>66</sup>

#### Other Issues:

Considering the larger issues that remain between the parties, like wages, class size and the replacement of Appendix D, issues like increased prep time for elementary teachers, and limitations on the amount of yard duty that someone can be assigned, might appear to be insignificant. Nevertheless, these issues affect real educators and are easily within the District's grasp to resolve.

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<sup>65</sup>See Tab 1-J, "Board Policies."

<sup>66</sup>See Tab 2-Y, "Arts and Music."

## VII. Conclusion

We began these negotiations fifty-one weeks ago with the goal of working with the District to reach an agreement that would make Sac City the Destination District for California. After more than twenty-seven (27) bargaining sessions it is clear to us that rather than “putting students first,” as the District’s letterhead proclaims, it is administrators and building a rainy-day fund for some unspecified date in the future (while the roof is gushing water today) that appear to be the District’s top priorities. Our students and our educators deserve better, and the twenty-eight hundred (2800) educators represented by SCTA are more united than we have ever been in our history to advocate for students, educators, and parents.

