



David W. Gordon
Superintendent

April 18, 2022

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Jorge A. Aguilar, Superintendent
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financial plan that would enable it to meet its future obligations. At its December 18, 2021 meeting, the district's governing board adopted a fiscal recovery plan that included ongoing and one-time budget solutions and identified additional solutions for future consideration.

The district's fiscal condition had improved since then as a result of one-time COVID-19 related savings in the current and prior years and it filed a First Interim Report with a qualified certification, which we concurred with in our letter dated January 14, 2022. In its Second Interim Report, the district projected budget surpluses in 2021-2022 and 2022-2023, but deficits beginning in 2023-2024. These projections reflected the positive fiscal impact to the district of the proposals in the 2022-2023 Governor's Budget that provide fiscal relief to districts experiencing significant declining enrollment and additional state funds for special education costs. However, the SCTA and SEIU agreements significantly alter the projections as described further below. The district has also updated its enrollment projections to reflect a significant decline from 38,198 students in 2021-2022 to 36,513 students in 2023-2024.

County Superintendents of Schools are responsible for the fiscal oversight of all school districts in their counties and for reviewing the labor agreements of school districts in fiscal distress, as is Sacramento City Unified School District. Specifically, Government Code section 3540.2, requires a school district that has a qualified or negative certification to allow the county office of education in which the district is located at least 10 working days to review and comment on any proposed agreement between the exclusive representatives and the public-school employer.

We have reviewed the SCTA and SEIU agreements the district has submitted to us, and we are concerned that the agreements significantly increase the district's risk of future fiscal insolvency. The agreements extend the 2016-2019 certificated and classified collective bargaining agreements through June 30, 2023, and provide:

- A 4% ongoing general salary increase.
- One-time, off schedule stipends for 2019-2020, 2020-2021, and 2021-2022.
- A 25% increase in substitute rates for 2021-2022.
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million in 2021-2022, \$678,000 in 2022-2023 and \$16.1 million in 2023-2024.
We note that the agreements allow for reopeners on salary for 2022-2023.

al salary and benefit increases or other costs included in future agreements
even larger projected deficits.

o the provisions above, the agreements require SCTA and the district to meet
options to increase health benefit plan choices for employees. If additional
agreed to by August 31, 2022, savings resulting from the plan changes will be
as cost savings but as program enhancements, including to add positions to
district's Multi-Tiered Systems of Support framework. We encourage the SCTA
district to come to an agreement to reduce the district's health benefit costs.
ven the district's growing structural deficit, this proposal may need to be
to allow the savings to be redirected to support current ongoing costs.

23 through April 3, 2022, SCTA and SEIU went out on strike. The district was
ep its schools open during the strike and, as a result, it will fall short of the state
minimum number of instructional days and minutes which must be offered to
2021-2022. While the district expects \$8.4 million in savings because of the
also be subject to state penalties of \$47 million for failing to offer the minimum
instructional days and minutes. The \$38.6 million net negative fiscal impact is
ne district's multi-year projections discussed above. We encourage the district
its labor partners to restore as many days and minutes as possible this year,

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We also continue our request that the district provide the following:

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cc: Christina Pritchett, Board President, SCUSD
Rose Ramos, Chief Business Officer, SCUSD
Dr. Nancy Herota, Deputy Superintendent, SCOE
Nicolas Schweizer, Associate Superintendent, SCOE
Sharmila LaPorte, District Fiscal Services Director, SCOE
Terri Ryland, Fiscal Advisor, SCOE
Michael H. Fine, Chief Executive Officer, FCMAT
Abel Guillen, Deputy Superintendent, CDE
Betty T. Yee, California State Controller