



AMENDED

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 6.2

Meeting Date: July 30, 2026

Subject: Public Hearing: AB 1200 Public Disclosure and Approval of Agreement between Sacramento City Unified School District (SCUSD) and the Sacramento City Teachers Association (SCTA) to Aid in Fiscal Recovery

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

Division: Labor Relations; Business Services

Recommendation: Approve MOU agreement between SCUSD and SCTA to aid in fiscal recovery.

Background/Rationale: The parties' agreement includes terms regarding the following:

- Retiree Health Benefit Payments
- Use of Employee Contributions
- Medi-Cal Reimbursement Funds
- Unfilled Vacancies
- Extension of the SCTA-SCUSD Collective Bargaining Agreement with Salary Reopener
- Health Benefits
- "Me-Too" Provisions
- Parcel Tax

Financial Considerations: These changes collectively reflect a total savings of \$97.6 million.

LCAP Goal(s): Graduation outcomes, Academic outcomes, and Welcoming and safety outcomes.

Documents Attached:

Signed MOU between SCTA and SCUSD

AB 1200 document

California Employers' Retiree Benefit Trust Disbursement Form

July 24, 2026 Letter from SCOE

July 28, 2026 Letter from Orrick

AMENDED

Estimated Time of Presentation: 5 Minutes
Submitted by: Labor Relations/ Business Services
Approved by: Superintendent

Memorandum of Understanding

By & Between

The Sacramento City Unified School District (SCUSD)

&

The Sacramento City Teachers Association (SCTA)

July 13, 2026

Agreement to Aid the SCUSD Fiscal Recovery

To aid the fiscal recovery of the Sacramento City Unified School District (SCUSD), the District and the Sacramento City Teachers Association (SCTA) hereby agree as follows:

1. **Retiree Health Benefit Payment:** The parties agree to recommend to their respective trustees of the Joint SCUSD-SCTA Retiree Health Fund, also known as the Other Post Employment Benefits ("OPEB") or ("SCUSD/SCTA Retiree Health Investment Plan") or (CERBT, that fund resources be used to pay the cost of SCUSD retiree health for the 2025-26, 2026-27 and 2027-28 school years only. The costs are estimated to be \$22 million in 2025-26 and \$23 million in 2026-27 and \$23 million in 2027-28.
2. **Employee Contribution:** For 2025-26, 2026-27 school years and for the duration on this agreement the parties agree that the money identified in Article 13.18 paragraph A may be deposited into the general fund.
3. **Medi-Cal Reimbursement Funds:** On or about March 9, 2026, the parties convened the Medi-Cal Reimbursement Consortium and agreed that the accumulated unused funds that total approximately \$14.5 million in the 2025-26 school year and approximately \$7 million in the 2026-27 school year may be used in the SCUSD general fund. Beginning in the 2026-27 school year, the Medi-Cal Reimbursement Consortium will reconvene to determine spending priorities and consider opportunities to generate additional Medi-Cal funding reimbursement strategies for the 2027-28 school year and beyond.
4. **Unfilled Vacancies:** The parties' 2025-26 collective bargaining agreement increased staffing in several areas including for school social workers, school nurses, and reading intervention teachers. The District did not fill the following positions during the 2025-26 school year:
 - i. 16 social workers
 - ii. 13 school nurses
 - iii. 4 reading intervention teachers

The value of those unfilled positions equals \$5 million for 2025-26 (39 positions x \$150,000 per FTE = \$5.85 million).

SCTA agrees to waive claims related to the inability to fill those vacancies for the 2025-26 school year.

5. **Total Savings:** Collectively, the savings set forth in sections 1, 2, 3, and 4 total \$97.6 million.
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In consideration of this agreed-upon relief, the parties further agree to the following:

6. **Extension of the SCTA-SCUSD Collective Bargaining Agreement, With Salary Reopener:** The parties agree to extend the current SCTA-SCUSD collective bargaining agreement through June 30, 2030. The contract shall remain closed for the duration of the extended agreement, with the exception that the parties will have a salary reopener each July 1, beginning on July 1, 2027, and each year thereafter; provided, however, that during the term of the extended agreement, the District shall neither propose nor bargain to impasse any reduction in compensation to educators whatsoever.
7. **Health Benefits:** The parties agree that they will explore health benefit purchasing options, including but not limited to: a: participating in a purchasing pool; b: changing insurance providers; or c: changing or eliminating health insurance brokers. The parties agree that no changes to health plans will result in any reduction in benefits, as determined solely by SCTA, to SCTA-represented employees and retirees. Any savings achieved by plan changes will accrue to the District. No health plan changes shall be made without the expressed written agreement of SCTA and there is no implied obligation for SCTA to agree to any potential changes to health plans.
8. **"Me-Too" Provision:** If, the District enters into any collectively bargained agreement with any other labor organization that represents SCUSD employees during the period beginning June 15, 2026 and extending through the term of this Agreement that includes any improvement to SCUSD employee wages and/or benefits, the District shall automatically also apply to the same improvement in wages and/or benefits to the collective bargaining agreement with SCTA, retroactive to the effective date of the collective bargaining agreement with the other labor organization. Such improvements include: annual salary increases, longevity pay increases, salary structure reorganization, and any other salary improvement that may increase the cost to any bargaining unit.
9. **Parcel Tax:** The parties will work together to pass a parcel tax which will be used to fund services to students with disabilities on the November 2026 ballot.
10. **Effective date of the Agreement:** This agreement shall go into effect contingent on the approval the trustees, ratification by SCTA, and approval of the SCUSD Board of Education, on June 30, 2026.
11. **Expiration Date:** Upon approval by both parties, this agreement shall remain in full force and effect through June 30, 2030.

For SCUSD



Cancy McArn, Superintendent

Date: 7/13/26

For SCTA



Nikki Milevsky, President

Date: 7/13/26

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE SCHOOL DISTRICT
 WITH THE BARGAINING UNIT (BU)

To be acted upon by the Governing Board at its meeting on : (enter Date)
 Budget Revisions to be INPUT no later than 45 days after approval: (will calc + 45 days)
 Estimated Agreement Payment Date (enter Date)

GENERAL

Section 1: STATUS OF BARGAINING UNIT AGREEMENTS

This document is REQUIRED whenever a NEW or AMENDED agreement is ratified.

If this Public Disclosure is not applicable to all of the District's bargaining units, indicate the current status (whether settled or pending settlement) of the remaining units:

(Separate disclosures should be made for each bargaining unit agreement)

	# FTE Represented
Certificated: Sacramento City Unified School District - Settled	0.0
Classified: SEIU - Settled	0.0

Section 2: PERIOD OF AGREEMENT

The proposed agreement covers the period beginning on: (enter Begin Date)
 and ending on: (enter End Date)

If this agreement is part of a multi-year contract, indicate ALL fiscal years covered:

Fiscal Years:	28-29	29-30	30-31
Reopeners: Yes or NO ?	Yes	Yes	Yes
if Yes, what Areas?	Salary; Me Too		

COMPENSATION PROVISIONS

Section 3: SALARIES: PERCENTAGE CHANGE IN SALARIES IN PROPOSED AGREEMENT:

The proposed agreement includes the following costs for salaries for the above-mentioned Bargaining unit:

Current Year Salary Cost Before Settlement (Based on Year to Date (YTD) Actuals Projected through 6/30):	\$ 299,066,856.00
Current Year Salary Cost After Settlement (Include any retroactive pay increases or (decreases) or one time bonuses/stipends or (reductions), as applicable):	\$ 299,066,856.00
Total Cost Increase or (Decrease):	\$0.00
Percentage Increase or (Decrease):	0.00%

SALARY CHANGE FOR AN AVERAGE, REPRESENTED EMPLOYEE FROM PRIOR YEAR

(Includes annual step/column movement on schedule):

<u>Salary Increase or (Decrease)</u>	
% increase or (decrease) to existing schedule	0.00% per employee
% increase or (decrease) for one-time bonus/stipend or (salary reduction)	0.00% per employee
<u>Step & column</u>	
average % annual change over the prior year schedule	0.00% per employee
TOTAL PERCENTAGE CHANGE FOR AVERAGE REPRESENTED EMPLOYEE	0.00% per employee

Indicate Change in # of Work Days, Furlough or Additional, Related to % Change	0
Indicate Total # of Work Days to be provided for fiscal year:	184
Indicate Total # of Instructional Days to be provided for fiscal year:	180

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

Section 4: BENEFITS: PERCENTAGE CHANGE IN EMPLOYEE BENEFITS IN PROPOSED AGREEMENT:

The proposed agreement includes the following costs for employee statutory and health/welfare benefits:

Statutory Benefits: (object 3XXX less 34XX)

(STRS, PERS, Workers Compensation, Unemployment Insurance, Social Security, Medicare)

Total Statutory Benefit Costs:

Current Costs:	\$ 85,820,363.00
Proposed Costs:	\$ 85,820,363.00
Total Cost Increase or (decrease):	\$0.00
Percentage Change:	0.00%

District Health and Welfare Plans - Object 34XX (Medical, Dental, Vision, Life Insurance, Other)

Total Health and Welfare Costs:

Current Costs:	\$ 77,604,334.00
Proposed Costs:	\$ 77,604,334.00
Total Cost Increase or (decrease):	\$0.00
Percentage Change:	0.00%

Indicate if Health/Welfare Benefits are Capped: (Include details such as different caps per health plans or any super composite rates. Also, indicate if cap includes health benefits only or also other insurances.)

No Cap

Current Cap:	\$ -	
Proposed Cap:	\$ -	
Average Capped Amount increase or (decrease) per employee	\$0.00	#DIV/0!

TOTAL COST OR (SAVINGS) OF COMPENSATION CHANGES (REGARDLESS OF WHETHER PREVIOUSLY BUDGETED IN WHOLE OR IN PART)

Section 5: TOTAL COST INCREASE OR (SAVINGS) FOR SALARIES AND BENEFITS IN THE PROPOSED AGREEMENT:

Current Year Combined Cost Before Settlement: (data pulls from above)

(Based on YTD Actuals Projected through 6/30 and current agreement)

Salaries	\$ 299,066,856.00	
Benefits	\$ 163,424,697.00	
Total:		\$ 462,491,553.00

Current Year Cost After Settlement: (data pulls from above)

(Include any retroactive pay increases or (decreases) or one-time bonuses/stipends or (reductions)):

Salaries	\$ 299,066,856.00	
Benefits	\$ 163,424,697.00	
Total:		\$ 462,491,553.00

TOTAL COST INCREASE OR (DECREASE)	\$0.00
(This amount should tie to the multiyear projection sections for 1XXX-3XXX)	
PERCENTAGE CHANGE	0.00%
1% CHANGE IN SALARY AND STATUTORY BENEFIT COSTS (prior to any settlements):	\$ 3,848,872.19

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

OTHER PROVISIONS (COMPENSATION AND NON-COMPENSATION)

Section 6: The following are additional compensation and non-compensation provisions contained in the proposed agreement: (Indicate, **IN DETAIL**, the terms of the agreement covered in each section)

A. OTHER COMPENSATION: Off-Schedule Stipends/Bonuses, Reductions, etc. (amounts, staff affected, total cost and/or savings).

"Me-Too" Provision: Such improvements include: annual salary increases, longevity pay increases, salary structure reorganization, and any other salary improvement that may increase the cost to any bargaining unit.

B. NON-COMPENSATION: Class Size Changes (indicate before and after class sizes/grades affected; and, if applied for CDE waiver (attach copy)), Staff Development Days, Teacher Prep Time, etc..

Health Benefits: The parties agree that they will explore health benefit purchasing options, including but not limited to: a: participating in a purchasing pool; b: changing insurance providers; or c: changing or eliminating health insurance brokers. The parties agree that no changes to health plans will result in any reduction in benefits, as determined solely by SCTA, to SCTA-represented employees and retirees. Any savings achieved by plan changes will accrue to the District. No health plan changes shall be made without the expressed written agreement of SCTA and there is no implied obligation for SCTA to agree to any potential changes to health plans.

Employee Contribution: For 2025-26, 2026-27 school years and for the duration on this agreement the parties agree that the money identified in Article 13.18 paragraph A may be deposited into the general fund.

C. REOPENERS, CONTINGENCY AND/OR RESTORATION LANGUAGE: Describe specific areas identified for Reopeners, Contingency, and/or Restoration (include triggers and timing). Provide copy of Board Action to BAS upon approval.

Extension of the SCTA-SCUSD Collective Bargaining Agreement, With Salary Reopener: The parties agree to extend the current SCTA-SCUSD collective bargaining agreement through June 30, 2030.

"Me-Too" Provision: If, the District enters into any collectively bargained agreement with any other labor organization that represents SCUSD employees during the period beginning June 15, 2026 and extending through the term of this Agreement that includes any improvement to SCUSD employee wages and/or benefits, the District shall automatically also apply to the same improvement in wages and/or benefits to the collective bargaining agreement with SCTA, retroactive to the effective date of the collective bargaining agreement with the other labor organization. Such improvements include: annual salary increases, longevity pay increases, salary structure reorganization, and any other salary improvement that may increase the cost to any bargaining unit.

Section 7: State Minimum Reserve Standard Calculation:

Total Expenditures and Other Uses: *(pulls from MYP Sec. 9)*

\$	960,719,358.00
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Minimum State Reserve Percentage (input %)

2%

Minimum State Reserve Requirement: *(Formula includes Total Exp/Uses x Minimum Reserve %)*

\$	19,214,387.16
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FISCAL IMPACT IN CURRENT AND TWO SUBSEQUENT FISCAL YEARS

Section 8: Date of governing board approval of budget revisions in Section 9, Col.2 (below) in accordance with E.C. 42142 and Government Code 3547.5. (Pulls from above Governing Board Date plus 45 days)

8/20/2026

Provide proof that board-approved budget revisions have been input within 45 days. Date budget revisions input/BT #'s:

BT #'s: TBD

8/20/2026

If the board-approved revisions input are different from the proposed budget adjustments in Col. 2 provide a detailed explanation of differences.

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

Section 9: IMPACT OF PROPOSED AGREEMENT ON THE GENERAL FUND BUDGET IN CURRENT AND TWO SUBSEQUENT FISCAL YEARS. (Reflect both Unrestricted and Restricted General Fund Budget Amounts)

In-Lieu of this form, an updated Form MYP can be supplied which includes the results of the settlement over the most recent Form MYP filed with this office.

		Current Fiscal Year 2026 -2027			
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)
		Latest Board- Approved Budget 6/18/2026	Adjustments as a Direct Result of this Proposed Settlement	Other Revisions (Including Other Proposed BU Agreements) Required to support cost of agreement (i.e. "me-too")	Projected District Budget After Settlement of Agreement (Cols. 1 + 2 + 3)
Please NOTE: The title reflected in Col. 1 can be modified if the agreement is being approved along with the Adopted Budget Process. In this case, Col. 4 should reflect the Adopted Budget including the salary agreement and Col. 1 would reflect the Adopted Budget less Col. 2, the actual cost of the agreement.					
OPERATING REVENUES: LCFF ADA		3 Yr Ave - 33,483.60			3 Yr Ave - 33,483.60
LCFF Sources	(8010-8099)	499,530,669.00	0.00	0.00	499,530,669.00
Remaining Revenues	(8100-8799)	255,006,619.00	41,204,317.00	30,861,969.00	327,072,905.00
TOTAL		754,537,288.00	41,204,317.00	30,861,969.00	826,603,574.00
OPERATING EXPENDITURES					
1000 Certificated Salaries		352,630,513.00	0.00	0.00	352,630,513.00
2000 Classified Salaries		128,712,899.00	0.00	0.00	128,712,899.00
3000 Benefits		334,931,101.00	0.00	0.00	334,931,101.00
4000 Instructional Supplies		30,720,950.00	0.00	(5,300,000.00)	25,420,950.00
5000 Contracted Services		119,669,096.00	0.00	0.00	119,669,096.00
6000 Capital Outlay		1,428,309.00	0.00	0.00	1,428,309.00
7000 Other		(2,389,309.00)	0.00	0.00	(2,389,309.00)
TOTAL		965,703,559.00	0.00	(5,300,000.00)	960,403,559.00
OPERATING SURPLUS (DEFICIT)		(211,166,271.00)	41,204,317.00	36,161,969.00	(133,799,985.00)
Other Sources and Transfers In		2,736,682.00	7,000,000.00	0.00	9,736,682.00
Other Uses and Transfers Out		315,799.00	0.00	0.00	315,799.00
CURRENT YEAR INCREASE/ (DECREASE) TO FUND BALANCE		(208,745,388.00)	48,204,317.00	36,161,969.00	(124,379,102.00)
BEGINNING FUND BALANCE 9791-92		(20,126,296.00)			(20,126,296.00)
Prior-Year Adjustments 9793-95		0.00		0.00	0.00
NET BEGINNING BALANCE		(20,126,296.00)		0.00	(20,126,296.00)
ENDING FUND BALANCE (EFB)		(228,871,684.00)	48,204,317.00	36,161,969.00	(144,505,398.00)
COMPONENTS OF ABOVE EFB:					
Nonspendable (9711-9719)		0.00	0.00	0.00	0.00
Restricted (9740)		54,744,035.00	0.00	0.00	54,744,035.00
Committed (9750/9760)		0.00	0.00	0.00	0.00
Assigned (9780)		0.00	0.00	0.00	0.00
Reserve Economic Uncertainties (9789)		0.00	0.00	0.00	0.00
Unassigned/Unappropriated (9790)		(283,615,719.00)	48,204,317.00	36,161,969.00	(199,249,433.00)
State Minimum Reserves %		(29.36%)	Does not Meet		(20.74%)
Are budgets in balance?		In Balance			In Balance
Did you adjust reserves? s/b \$0		\$0.00	OK		\$0.00
FUND 17 RESERVES (9789) or N/A		\$ -			\$ -

continued - see next page

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

If the total amount of the adjustment in Column 2 does not agree with the amount of the total cost shown in Section 5, Total Costs, please explain below. Also, list any other assumptions used or included in Column 3:

Column 2 - Savings Items: Retiree Health Benefit Payment: The parties agree to recommend to their respective trustees of the Joint SCUSD-SCTA Retiree Health Fund, also known as the Other Post Employment Benefits ("OPEB") or ("SCUSD/SCTA Retiree Health Investment Plan") or (CERBT, that fund resources be used to pay the cost of SCUSD retiree health for the 2025-26 and 2026-27 school years only. Total retiree costs reimbursement = 25-26 \$20.6M receive 8/26, 26-27 projected \$20.6M receive monthly starting 8/26. Included above in Remaining Revenues. **Medi-Cal Reimbursement Funds:** approximately \$7 million in the 2026-27 school year may be used in the SCUSD general fund. Currently reserved in EFB and can be used to fund eligible GF Unrestricted/Encroaching program expenditures currently in 26-27 budget. It is shown above as a contribution to Unrestricted Funds - Other Transfers In. **Column 3 Budget Adjustments - Increasing 26/27 Ending Fund Balance -** Includes the **SSPD Block Grant** that was not included in Adopted Budget of \$30,861,969 and reducing Supplies by \$5.3M of **LREBG funds** to reserve in Restricted Ending Fund Balance.

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

First Subsequent Year 2027 - 2028			
(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)
Latest Board- Approved Budget 6/18/2026	Adjustments as a Direct Result of this Proposed Settlement	Other Revisions (Including Other Proposed BU Agreements) Required to support cost of agreement (i.e. "me-too")	Projected District Budget After Settlement of Agreement (Cols. 1 + 2 + 3)
OPERATING REVENUES: LCFF ADA	3 Yr Ave - 33,129.76		3 Yr Ave - 33,129.76
LCFF Sources (8010-8099)	512,258,047.00	0.00	512,258,047.00
Remaining Revenues (8100-8799)	249,845,153.00	0.00	249,845,153.00
TOTAL	762,103,200.00	0.00	762,103,200.00
OPERATING EXPENDITURES			
1000 Certificated Salaries	354,641,026.00	0.00	354,641,026.00
2000 Classified Salaries	129,941,379.00	0.00	129,941,379.00
3000 Benefits	340,358,504.00	0.00	340,358,504.00
4000 Instructional Supplies	30,315,528.00	0.00	30,315,528.00
5000 Contracted Services	119,508,703.00	0.00	119,508,703.00
6000 Capital Outlay	1,328,309.00	0.00	1,328,309.00
7000 Other	(2,764,350.00)	0.00	(2,764,350.00)
TOTAL	973,329,099.00	0.00	973,329,099.00
OPERATING SURPLUS/(DEFICIT)	(211,225,899.00)	0.00	(211,225,899.00)
Other Sources and Transfers In	2,736,682.00	0.00	2,736,682.00
Other Uses and Transfers Out	315,799.00	0.00	315,799.00
CURRENT YEAR INCREASE/ (DECREASE) TO FUND BALANCE	(208,805,016.00)	0.00	(208,805,016.00)
BEGINNING FUND BALANCE (9791) (Pulls from prior year EFB)	(144,505,398.00)		(144,505,398.00)
Prior-Year Adjustments (9792-9795)			0.00
NET BEGINNING BALANCE	(144,505,398.00)		(144,505,398.00)
ENDING FUND BALANCE (EFB)	(353,310,414.00)	0.00	(353,310,414.00)
COMPONENTS OF EFB (above):			
Nonspendable (9711-9719)	0.00	0.00	0.00
Restricted (9740)	72,863,345.00	0.00	72,863,345.00
Committed (9750/9760)	0.00	0.00	0.00
Assigned (9780)	0.00	0.00	0.00
Reserve Economic Uncertainties	0.00	0.00	0.00
Unassigned/Unappropriated (9790)	(426,173,759.00)	0.00	(426,173,759.00)
State Minimum Reserves %	(43.77%)	Does not Meet	(43.77%)
Are budgets in balance?	In Balance		In Balance
Did you adjust reserves? s/b \$0	\$ -	OK	\$ -
FUND 17 RESERVES (9789) or N/A	\$ -		\$ -

Assumptions used for LCFF Gap%, Unduplicated %, Other Revenue COLAs, Addl/Reduced staffing, etc., explain below:

See 2026-27 and MYP Assumptions	SCUSD 2025-28 Budget Assumptions			
	Category	2025-26	2026-27	2027-28
	Cost of Living Adjustment (COLA)	2.30%	2.87%	3.30%
	Augmentation		1.44%	
	Special Education Increase		5422/ADA	
	Enrollment	36,135	35,791	35,644
	Enrollment Charters - Reported in Fund 09	1,411	1,389	1,379
	Total Enrollment - SCUSD	37,546	37,180	37,023
	Attendance Used for Funding (Highest Year or 3 Year Average)	33,397	33,203	32,849
	Attendance (ADA)	32,937	32,417	32,417
	Enrollment to ADA %	91.15%	90.57%	91.10%
	Unduplicated Pupil Count	68.07%	67.15%	67.70%

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

Second Subsequent Year 2028 - 2029			
(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)
Latest Board- Approved Budget 6/18/2026	Adjustments as a Direct Result of this Proposed Settlement	Other Revisions (Including Other Proposed BU Agreements) Required to support cost of agreement (i.e. "me-too")	Projected District Budget After Settlement of Agreement (Cols. 1 + 2 + 3)
OPERATING REVENUES: LCFF ADA			
LCFF Sources (8010-8099)	523,538,203.00	0.00	523,538,203.00
Remaining Revenues (8100-8799)	255,672,141.00	0.00	255,672,141.00
TOTAL	779,210,344.00	0.00	779,210,344.00
OPERATING EXPENDITURES			
1000 Certificated Salaries	359,985,851.00	0.00	359,985,851.00
2000 Classified Salaries	131,760,558.00	0.00	131,760,558.00
3000 Benefits	345,802,117.00	0.00	345,802,117.00
4000 Instructional Supplies	31,152,237.00	0.00	31,152,237.00
5000 Contracted Services	122,854,038.00	0.00	122,854,038.00
6000 Capital Outlay	1,328,309.00	0.00	1,328,309.00
7000 Other	(2,818,263.00)	0.00	(2,818,263.00)
TOTAL	990,064,847.00	0.00	990,064,847.00
OPERATING SURPLUS/(DEFICIT)	(210,854,503.00)	0.00	(210,854,503.00)
Other Sources and Transfers In	2,736,682.00	0.00	2,736,682.00
Other Uses and Transfers Out	315,799.00	0.00	315,799.00
CURRENT YEAR INCREASE/ (DECREASE) TO FUND BALANCE	(208,433,620.00)	0.00	(208,433,620.00)
BEGINNING FUND BALANCE (9791) (Pulls from prior year EFB)	(353,310,414.00)		(353,310,414.00)
Prior-Year Adjustments (9792-9795)			0.00
NET BEGINNING BALANCE	(353,310,414.00)		(353,310,414.00)
ENDING FUND BALANCE (EFB)	(561,744,034.00)	0.00	(561,744,034.00)
COMPONENTS OF EFB (above):	(use whole rounded numbers only)		
Nonspendable (9711-9719)	0.00		0.00
Restricted (9740)	90,766,658.00		90,766,658.00
Committed (9750/9760)	0.00		0.00
Assigned (9780)	0.00	0.00	0.00
Reserve Economic Uncertainties		0.00	0.00
Unassigned/Unappropriated (9790)	(652,510,692.00)	0.00	(652,510,692.00)
State Minimum Reserves %	(65.88%)	Does not Meet	(65.88%)
Are budgets in balance?	In Balance		In Balance
Did you adjust reserves? s/b \$0	\$0.00	OK	\$0.00
FUND 17 RESERVES (9789) or N/A	\$ -		\$ -

Assumptions used for LCFF Gap%, Unduplicated %, Other Revenue COLAs, Addl/Reduced Staffing, etc., explain below:

See 2026-27 and MYP Assumptions above in 2027-28

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

Section 10: MULTI-YEAR CONTRACT AGREEMENT PROVISIONS: The proposed agreement contains the following COLAs and other compensation/non-compensation provisions for subsequent years as follows *(text pulls into disclosure)*: Send copy of final Agreement to BAS upon Board Approval

Potential Costs: While there are not direct costs related to the agreement, the "Me-Too" Provision extends through June 30, 2030 improvement in wages and/or benefits. Also Section 6 - C. REOPENERS, CONTINGENCY AND/OR RESTORATION LANGUAGE for reopener language through June 30, 2030.

Section 11:

FINANCIAL IMPACT OF PROPOSED AGREEMENT IN SUBSEQUENT FISCAL YEARS: The following assumptions were used to determine that resources will be available to fund these obligations in future fiscal years. (Include any compensation/noncompensation provisions specified below.) *(text pulls into disclosure)*:

Savings Items: Retiree Health Benefit Payment: The parties agree to recommend to their respective trustees of the Joint SCUSD-SCTA Retiree Health Fund, also known as the Other Post Employment Benefits ("OPEB") or ("SCUSD/SCTA Retiree Health Investment Plan") or (CERBT, that fund resources be used to pay the cost of SCUSD retiree health for the 2025-26 and 2026-27 school years only. Total retiree costs reimbursement = 25-26 \$20.6M receive 8/26, 26-27 projected \$20.6M receive monthly starting 8/26. Included in Remaining Revenues. **Medi-Cal Reimbursement Funds:** approximately \$7 million in the 2026-27 school year may be used in the SCUSD general fund. Currently reserved in EFB and can be used to fund eligible GF Unrestricted/Encroaching program expenditures currently in 26-27 budget. It is shown above as a contribution to Unrestricted Funds - Other Transfers In. **Budget Adjustments - Increasing 26/27 Ending Fund Balance -** Includes the **SSPD Block Grant** that was not included in Adopted Budget of \$30,861,969 and reducing Supplies by \$5.3M of **LREBG funds** to reserve in Restricted Ending Fund Balance.

Section 12: NARRATIVE OF AGREEMENT: Provide a brief narrative of the proposed changes in compensation or health premiums, including percentage changes, effective dates, and comments and/or explanations. *(text pulls into disclosure)*:

Term: This agreement creates a 3 year agreement with SCTA through June 30, 2030. **Retiree Health Benefit Payment:** The agreement allows the District submit for Actual Retiree Benefit Cost for 2025-26 and 2026-27. **Medi-Cal Reimbursement Funds:** the agreement allows the District to use \$7M of Medi-Cal funds to support the 2026-27 budget deficit. **SCTA Employee Contribution:** For 2025-26, 2026-27 school years and for the duration on this agreement the parties agree that the money identified in Article 13.18 paragraph A may be deposited into the general fund. **"Me-Too" Provision:** extends through June 30, 2030 for improvement in wages and/or benefits.

Section 13: SOURCE OF FUNDING FOR PROPOSED AGREEMENT: Provide a brief narrative of the funds available in the current year to provide for the costs of this agreement. *(text pulls into disclosure)*:

Agreement provides savings from Retiree Benefit Costs Reimbursements of approximately \$41.2M for 2025-26 and 20026-27 and Medi-Cal Funds of \$7M for 2026-27.

SUMMARY OF PROPOSED AGREEMENT

BETWEEN THE

Sacramento City Unified School District

SCHOOL DISTRICT

ADDITIONAL FISCAL INDICATORS- CRITERIA AND STANDARDS A.5.

This section is in response to the Criteria and Standards Additional Fiscal Indicators #A.5., which asks: "Has the district entered into a bargaining agreement where any of the budget or subsequent years of the agreement would result in salary increases that are expected to exceed the projected state cost of living adjustment."

Section 14: COMPARISON OF PROPOSED AGREEMENT TO CHANGE IN DISTRICT LOCAL CONTROL FUNDING FORMULA (LCFF):

(A)	Current-year (CY) LCFF Average Rate per ADA: (CY LCFF Entitlement per ADA, FCMAT LCFF Calculator, Calculator Tab, Row 79)	Estimated \$0.00
(B)	Less Prior-Year (PY) LCFF BASC Calculator Rate per ADA: (PY LCFF Entitlement per ADA, FCMAT LCFF Calculator, Calculator Tab, Row 79)	\$0.00
(C)	= Amount of Current-Year Increase or (decrease): (A) minus (B)	0.00
(D)	= Percentage Increase or (decrease) in LCFF per ADA: (C) divided by (B)	#DIV/0!
(E)	ADA Increase/(Decrease) from Prior Year as % Current year P-2 LCFF funded ADA (greater of PY guarantee or current year) Prior Year P-2 LCFF funded ADA (greater of PY guarantee or current year)	0.00 0.00
(F)	Total LCFF % increase or (decrease) plus ADA % change	#DIV/0!
(G)	Indicate Total Settlement Percentage Change from Section 5	0.00%

If proposed agreement % on Line G is greater than Line F, please provide explanation below:

N/A

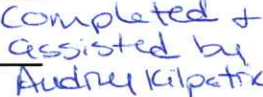
CERTIFICATION

To be signed by the **District Superintendent AND Chief Business Official upon submission to the Governing Board** and by the **Board President upon formal Board action** on the proposed agreement.

Districts with a Qualified or Negative Certification : Per Government Code 3540.2, signatures of the District Superintendent and Chief Business Official must accompany the Summary Disclosure sent to the County Superintendent for review **10 days prior to the board meeting that will ratify the agreement**.

The information provided in this document summarizes the financial implications of the proposed agreement and is submitted to the Governing Board for public disclosure of the major provisions of the agreement (as provided in the "Public Disclosure of Proposed Collective Bargaining Agreement") in accordance with the requirements of AB 1200, AB 2756, GC 3547.5, and GC 3540.2.

WE HEREBY CERTIFY THAT THE COSTS INCURRED BY THE SCHOOL DISTRICT UNDER THIS AGREEMENT CAN BE MET BY THE DISTRICT DURING THE TERM OF THE AGREEMENT.

	7/30/2026
District Superintendent - signature	Date
	7/30/2026
Chief Business Official - signature	Date

After public disclosure of the major provisions contained in this Summary, the Governing Board, at its meeting on Thursday, July 30, 2026 took action to approve the proposed Agreement with the Sacramento City Teachers Association Bargaining Unit.

	7/30/2026
President, Governing Board - signature	Date

**FORM FOR PUBLIC DISCLOSURE
OF PROPOSED COLLECTIVE BARGAINING AGREEMENT
(AB1200 (Statutes of 1991, Chapter 1213) as revised by AB 2756
(Statutes of 2004, Chapter 25), Government Code 3547.5 & 3540.2)**

Sacramento City Unified School District

SCHOOL DISTRICT

Government Code Section 3547.5: Before a public school employer enters into a written agreement with an exclusive representative covering matters within the scope of representation, the major provisions of the agreement, including, but not limited to, the costs that would be incurred by the public school employer under the agreement for the current and subsequent fiscal years, shall be disclosed at a public meeting of the public school employer.

Intent of Legislation: To ensure that members of the public are informed of the major provisions of a collective bargaining agreement before it becomes binding on the school district.

(This information is pulled from the SUMMARY section of this file which should be completed FIRST)

MAJOR PROVISIONS OF PROPOSED AGREEMENT WITH THE

Sacramento City Teachers Association

BARGAINING UNIT

To be acted upon by the Governing Board at its meeting on

07/30/26

A. PERIOD OF AGREEMENT:

The proposed bargaining agreement covers the period beginning and ending
for the following fiscal years **28-29**

7/1/202

06/30/30

26-27, 28-29, 29-30, 30-31

B. TOTAL COST CHANGE TO IMPLEMENT PROPOSED AGREEMENT (SALARIES & BENEFITS)

The total change in costs for salaries and employee benefits in the proposed agreement:

1. Current Year Costs Before Agreement

\$462,491,553.00

2. Current Year Costs After Agreement

\$462,491,553.00

3. Total Cost Change

4. Percentage Change

5. Value of a 1% Change

\$3,848,872.19

C. PERCENTAGE SALARY CHANGE FOR AVERAGE, REPRESENTED EMPLOYEE

The total percentage change in salary, including annual step and column movement on the salary schedule (as applicable), for the average, represented employee under this proposed agreement:

1. Salary Schedule change
(% Change To Existing Salary Schedule)
(% change for one time bonus/stipend or salary reduction)

0.00%

0.00%

2. Step & Column
(Average % Change Over Prior Year Salary Schedule)

1.6%

3. TOTAL PERCENTAGE CHANGE FOR THE
AVERAGE, REPRESENTED EMPLOYEE

no change other than S&C (budgeted)

4. Change in # of Work Days (+/-) Related to % Change

0.00%

5. Total # of Work Days to be provided in Fiscal Year

184

6. Total # of Instructional Days to be provided in Fiscal Year
(applicable to Certificated BU agreements only)

180

**FORM FOR PUBLIC DISCLOSURE
OF PROPOSED COLLECTIVE BARGAINING AGREEMENT
(AB1200 (Statutes of 1991, Chapter 1213) as revised by AB 2756
(Statutes of 2004, Chapter 25), Government Code 3547.5 & 3540.2)**

Sacramento City Unified School District

SCHOOL DISTRICT

D. PERCENTAGE BENEFITS CHANGE FOR BOTH STATUTORY AND DISTRICT-PROVIDED EMPLOYEE BENEFITS INCLUDED IN THIS PROPOSED AGREEMENT:

1.	Cost of Benefits Before Agreement	\$163,424,697.00
2.	Cost of Benefits After Agreement	\$163,424,697.00
3.	Percentage Change in Total Costs	0.00%

E. IMPACT OF PROPOSED AGREEMENT ON DISTRICT RESERVES

State-Recommended Minimum Reserve Level (after implementation of Proposed Agreement)

1.	Based On Total Expenditures and Other Uses in the General Fund of:	\$960,719,358.00
2.	Percentage Reserve Level State Standard for District:	2.0%
3.	Amount of State Minimum Reserve Standard:	\$19,214,387.16

SUFFICIENCY OF DISTRICT UNRESTRICTED RESERVES to meet the minimum recommended level AFTER IMPLEMENTATION OF PROPOSED AGREEMENT:

GENERAL FUND RESERVES (Fund 01 Unrestricted ONLY)

4.	Reserve for Economic Uncertainties (Object 9789)	
5.	Unassigned/Unappropriated (Object 9790)	(\$199,249,433.00)
6.	Total Reserves: (Object 9789 + 9790)	(\$199,249,433.00)

SPECIAL RESERVE FUND (Fund 17, as applicable)

7.	Reserve for Economic Uncertainties (Object 9789)	
----	---	--

TOTAL DISTRICT RESERVES, applicable to State Minimum Reserve Standard:

8.	General Fund & Special Reserve Fund:	(\$199,249,433.00)
9.	Percentage of General Fund Expenditures/Uses	(20.74%)
	Difference between District Reserves and Minimum State Requirement	(\$218,463,820.16)

**FORM FOR PUBLIC DISCLOSURE
OF PROPOSED COLLECTIVE BARGAINING AGREEMENT
(AB1200 (Statutes of 1991, Chapter 1213) as revised by AB 2756
(Statutes of 2004, Chapter 25), Government Code 3547.5 & 3540.2)**

Sacramento City Unified School District

SCHOOL DISTRICT

F. MULTIYEAR CONTRACT AGREEMENT PROVISIONS

Potential Costs: While there are not direct costs related to the agreement, the "Me-Too" Provision extends through June 30, 2030 improvement in wages and/or benefits. Also Section 6 - C. REOPENERS, CONTINGENCY AND/OR RESTORATION LANGUAGE for reopener language through June 30, 2030.

G. FINANCIAL IMPACT OF PROPOSED AGREEMENT IN SUBSEQUENT FISCAL YEARS

The following assumptions were used to determine that resources will be available to fund these obligations in future fiscal years (including any compensation and/or noncompensation provisions specified below that have been agreed upon if the proposed agreement is part of a multi-year contract):

Savings Items: Retiree Health Benefit Payment: The parties agree to recommend to their respective trustees of the Joint SCUSD-SCTA Retiree Health Fund, also known as the Other Post Employment Benefits ("OPEB") or ("SCUSD/SCTA Retiree Health Investment Plan") or (CERBT, that fund resources be used to pay the cost of SCUSD retiree health for the 2025-26 and 2026-27 school years only. Total retiree costs reimbursement = 25-26 \$20.6M receive 8/26, 26-27 projected \$20.6M receive monthly starting 8/26. Included in Remaining Revenues. Medi-Cal Reimbursement Funds: approximately \$7 million in the 2026-27 school year may be used in the SCUSD general fund. Currently reserved in EFB and can be used to fund eligible GF Unrestricted/Encroaching program expenditures currently in 26-27 budget. It is shown above as a contribution to Unrestricted Funds - Other Transfers In. Budget Adjustments - Increasing 26/27 Ending Fund Balance - Includes the SSPD Block Grant that was not included in Adopted Budget of \$30,861,969 and reducing Supplies by \$5.3M of LREBG funds to reserve in Restricted Ending Fund Balance.

H. NARRATIVE OF AGREEMENT

Term: This agreement creates a 3 year agreement with SCTA through June 30, 2030. Retiree Health Benefit Payment: The agreement allows the District submit for Actual Retiree Benefit Cost for 2025-26 and 2026-27. Medi-Cal Reimbursement Funds: the agreement allows the District to use \$7M of Medi-Cal funds to support the 2026-27 budget deficit. SCTA Employee Contribution: For 2025-26, 2026-27 school years and for the duration on this agreement the parties agree that the money identified in Article 13.18 paragraph A may be deposited into the general fund. "Me-Too" Provision: extends through June 30, 2030 for improvement in wages and/or benefits.

I. SOURCE OF FUNDING FOR PROPOSED AGREEMENT

The following source(s) of funding have been identified to fund the proposed agreement

Agreement provides savings from Retiree Benefit Costs Reimbursements of approximately \$41.2M for 2025-26 and 2026-27 and Medi-Cal Funds of \$7M for 2026-27.

**FORM FOR PUBLIC DISCLOSURE
OF PROPOSED COLLECTIVE BARGAINING AGREEMENT**
(AB1200 (Statutes of 1991, Chapter 1213) as revised by AB 2756
(Statutes of 2004, Chapter 25), Government Code 3547.5 & 3540.2)

Sacramento City Unified School District

SCHOOL DISTRICT

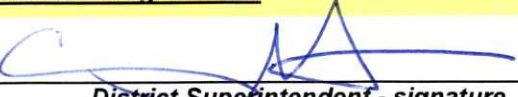
CERTIFICATION

To be signed by the District Superintendent AND Chief Business Official when submitted for Public Disclosure and by the Board President after formal action by the Governing Board on the proposed agreement.

Districts with a Qualified or Negative Certification: Per Government Code 3540.2, signatures of the District Superintendent and Chief Business Official must accompany the Summary Disclosure sent to the County Superintendent for review 10 days prior to the board meeting that will ratify the agreement.

The information provided in this document summarizes the financial implications of the proposed agreement and is submitted for public disclosure in accordance with the requirements of AB 1200, AB 2756 and GC 3547.5.

We hereby certify that the costs incurred by the school district under this agreement can be met by the district during the term of the agreement.

 _____ District Superintendent - signature	7/30/2026 _____ Date
Chief Business Official- signature	7/30/2026 _____ Date
<i>Completed & assisted by Audrey Kilpatrick, consultant</i>	
After public disclosure of the major provisions contained in this Summary, the Governing Board, at its meeting on <u>7/30/2026</u> took action to approve the proposed Agreement with the <u>Sacramento City Teachers Association</u> Bargaining Unit.	
President, Governing Board (signature)	7/30/2026 _____ Date



State of California
California Public Employees' Retirement System
California Employers' Retiree Benefit Trust (CERBT/OPEB)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

California Employers' Retiree Benefit Trust Disbursement Request

To request a disbursement from your California Employers' Retiree Benefit Trust (CERBT) employer account, please complete this form (see page 3 for instructions).

Employer Information	
Employer Name	Sacramento City Unified School District
CERBT Account Number	CALPERS CERBT # 5202751265
Street Address 1	5735 47th Avenue
Street Address 2	
City/State/ZIP	Sacramento CA 95824

Disbursement Request Information		
OPEB Provider	OPEB Cost Paid	Payment Period
Sutter Health Plus	180482.70	7/1/24-6/30/25
United Healthcare AARP Group Retiree Services	1025951.95	7/1/24-6/30/25
United Healthcare Ins Co	1068220.95	7/1/24-6/30/25
Western Health Advantage	254096.69	7/1/24-6/30/25
Health Net Group #1802-1804	5339037.60	7/1/24-6/30/25
Kaiser Permanente	9615895.61	7/1/24-6/30/25
Retirees - Premium Refunds - Various	26889.95	7/1/24-6/30/25
Implicit Subsidy - Actuarial Valuation FY June 30, 2026	3080320.00	7/1/24-6/30/25
Total CERBT Disbursement Requested	20590895.45	XXXXXXXXXX

Employer understands disbursements from the Prefunding Plan are governed by the terms of the *Agreement and Election to Prefund Other Post-Employment Benefits (Agreement)*. Authority to request disbursements has been delegated by the governing board of the agency to the undersigned.

The undersigned is/are authorized to request disbursements, under the terms of the *Agreement* from the CERBT. The undersigned certifies the payment information provided above is accurate, and reimbursement requested is for other post-employment benefit costs paid by the employer. **For amounts of ten thousand dollars (\$10,000) or more, signatures of two authorized employer representatives are required.**

Reimbursement for expenses related to periods prior to July 1 can only be made if a properly executed disbursement request is received by CalPERS on or before July 31. After July 31, reimbursements can only be made for current fiscal year expenses (incurred on or after July 1) regardless of the employer's fiscal year end date.

Cancy McArn	Superintendent	(916) 643-9010
Authorized Employer Representative Printed Name	Title	Telephone Number
Cancy-McArn@scusd.edu		07/30/26
Signature	Email address	Date

SCUSD/SCTA Retiree Health Investment & Trust Plan Trustee

		07/30/26
Authorized Employer Representative Printed Name	Title	Telephone Number
Signature	Email address	Date

**Email signed, completed CERBT Disbursement Request to
CERBT4U@calpers.ca.gov to ensure timely processing of your disbursement.**

For CERBT Use Only	
Received By CERBT	CERBT Contract Effective Date
Confirmed Authorized Employer Representative	OPEB Retiree Cost Amounts Reviewed
CalPERS Approved By	Approval Date
FINO Approved By	FINO Approval Date
Claim Schedule Number	Claim Schedule Date

California Employers' Retiree Benefit Trust Disbursement Request-Instructions

Instructions to complete this form:

1. Enter the name of the employer and its business address.
2. Report the name of the payee (service provider or other) to which payments for other post-employment benefits (OPEB) were made by the employer. Record the total OPEB payments made to the OPEB Provider (see example below). Trust disbursements can be made only for OPEB costs in accordance with the terms of the *Agreement and Election to Pre-Fund Other Post-Employment Benefits Through CalPERS* (Agreement). The payment period cannot pre-date the effective date of the Agreement.

Disbursement Request Information		
OPEB Provider	OPEB Cost Paid	Payment Period
Blue Shield	\$151,368	July 2011 – June 2012
Delta Dental	\$27,842	Jan 2012 – June 2012
Total CERBT Disbursement Requested	\$179,210	XXXXXXXXXXXXXXXXXX

3. The form must be signed by incumbents of positions authorized to request CERBT disbursements. These positions are named in the *Delegation to Request Disbursements* on file with CalPERS. For amounts of ten thousand (\$10,000) or more, two signatures are required.
4. Disbursements will be made payable to the employer and sent to the employer's business address on record with CalPERS, attention of an authorized employer representative who signed this Disbursement Request. Disbursement requests that satisfy the Agreement and are received on or after the 1st of the month will be processed the following month.
5. Disbursements related to the prior fiscal year (July through June) must be presented to CalPERS by July 31 of each year and will be accrued if the disbursement request is received before July 31. After July 31, no reimbursements can be made for periods before July of the current fiscal year.
6. Disbursements for Implicit Subsidy amounts must be supported by an actuarial valuation (or AMM report) or addendum certified by your actuary showing the calculated implied subsidy amount for the period.



David W. Gordon
Superintendent

July 24, 2026

Board of Education

Mariana Corona Sabeniano
President

Vanessa D. Caigoy, MBA
Vice President

O. Alfred Brown, Sr.
Heather Davis

Dominique Donette, M.Ed.

Annie Fischer

Harold Fong, MSW

(916) 228-2500
www.scoe.net

Cancy McArn, Superintendent
Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824

SUBJECT: Sacramento City Teachers Association Memorandum of Understanding

Dear Superintendent McArn:

As provided by the State Criteria and Standards (CCR section 15451(b)(C)) and Education Code Section 42142, when labor contract negotiations are settled after the adoption of the district's budget, the district must provide the County Superintendent with a fiscal analysis of the agreement and its effect on the budget. Furthermore, a school district that has a qualified or negative certification pursuant to Education Code Section 42131 must allow the County Superintendent at least 10 working days to review and comment on any proposed agreement made between the school district and a labor union representing its employees. In addition, before the district board of education takes any action on a proposed collective bargaining agreement, the district must meet the public disclosure requirements of Government Code Section 3547.5.

The Sacramento City Unified School District has submitted its public disclosure and fiscal analysis of a proposed memorandum of understanding (MOU) between the district and the Sacramento City Teachers Association (SCTA) for us to review and comment. The agreement is scheduled to be considered by the Sacramento City Unified School District Board of Education on July 30, 2026.

In our July 16, 2026, letter to the district we strongly advised the district not to enter into any agreements with labor unions that would foreclose its ability to negotiate and implement solutions as needed in the future to restore solvency. Instead, we encouraged the district to pursue both short and long-term solutions, including labor concessions, that will minimize the size of the emergency apportionment it will need to request and thus enable the district to restore local control as soon as possible.

The stated intent of the proposed MOU is to “aid the fiscal recovery of the Sacramento City Unified School District.” However, the MOU would not generate sufficient cash to allow it to avoid insolvency and the need for an emergency apportionment. Instead, it would have the negative effect of foreclosing the district's ability to negotiate additional solutions needed to restore solvency and, as a result, is inconsistent with the district's ability to meet its obligations and endangers its fiscal well-being.

The MOU proposes to use approximately \$45 million from the district's Retiree Health Fund to offset the costs of retiree health benefits in 2025-26 and 2026-27. The MOU also allows the district to redirect approximately \$3 million in employee contributions for retiree health benefits to the district's General Fund in those years and for the term of the agreement. It appears that the intent is to also use another \$23 million from the Retiree Health Fund in 2027-28, however, this is not stated in the agreement.

We note that the district would need to restore the money withdrawn from the Retiree Health Fund in the future. In addition, while withdrawing from the Retiree Health Fund would generate short-term cash for the district, it would also result in future costs. The district would lose the interest earnings this money would generate if it is left in the Fund. So, the more the district takes out of the Fund and the longer it takes the district to restore it, the more it will cost the district. The district has not indicated how or when the Fund will be restored.

The MOU references a prior agreement to use \$21.5 million in Medi-Cal reimbursements to offset General Fund costs. The MOU also references approximately \$5 million in savings from not filling vacancies. However, \$14.5 million of the \$21.5 million in Medi-Cal reimbursements and all the vacancy savings were already realized in 2025-26.

In addition, the MOU would allow the district to explore health benefit purchasing options to reduce district costs for employee health benefits. But only if it would not result in any reduction in current health benefits for SCTA. It is uncertain if the district could achieve significant savings from this proposal and it is unclear when those savings would begin. This proposal would also require the agreement and participation of the district's other labor unions and the status of those conversations is not indicated.

The only immediate, certain cash savings in this MOU is the \$45 million withdrawal from the Retiree Health Fund, \$3 million in employee contributions and \$7 million in Medi-Cal reimbursements. The Fiscal Crisis and Management Assistance Team (FCMAT) projects the district will reach its maximum borrowing capacity by the end of February 2027. The cash solutions in the MOU would extend this a maximum of two months, to April 2027. Furthermore, FCMAT projects that the district's cash deficit will be \$135 million by June

2027. The cash solutions in the MOU would only reduce the cash deficit by \$55 million. So, the district would need to generate an additional \$80 million in cash solutions in the next few months to avoid insolvency. None of the proposals the district has shared with us to date, even when combined, are likely to generate enough cash soon enough to avoid insolvency.

The MOU would extend the current SCTA CBA through 2029-30 and would only allow the district to reopen the agreement to negotiate salary increases. Thus, no proposals for labor concessions to aid in restoring solvency would even be allowed to occur for the next three years. The MOU also includes a "Me-Too" provision that automatically applies any "improvement" to salaries and/or benefits included in a collective bargaining agreement with another labor union during the term of this MOU to SCTA as well. As a result, the district would still need to request an emergency apportionment, but would be unable to negotiate and implement solutions, including labor concessions, needed to minimize the size of the emergency apportionment and enable the district to restore local control as soon as possible. Furthermore, the district will likely incur additional costs in the future for increases in employee compensation in addition to the costs to restore the Retiree Health Fund.

We request that you provide this notification to each recognized employee organization and each recognized parent organization of the school district as required pursuant to Government Code Section 3240.2.

We would like to thank your staff for their cooperation during our review process. If you have any questions or concerns, please call Nicolas Schweizer at (916) 228-2561.

Sincerely,



David W. Gordon
Sacramento County Superintendent of Schools

DWG/NS/tc

cc: Tara Jeane, Board President, SCUSD
Tony Thurmond, State Superintendent of Public Instruction, CDE
Abel Guillen, Deputy Superintendent of Public Instruction, CDE
Linda Darling-Hammond, President, SBE
Brooks Allen, Executive Director, SBE

Cancy McArn, Superintendent

July 24, 2026

Page 4

Michael Fine, Chief Executive Officer, FCMAT

Luz Cázares, Fiscal Advisor, SCOE

Ron Carruth, Fiscal Advisor, SCOE

Mariana Corona Sabeniano, President, Sacramento County Board of Education

Dr. Nancy Herota, Deputy Superintendent, SCOE

Nicolas Schweizer, Associate Superintendent, SCOE

Tara Clark, Director, District Fiscal Services, SCOE

Gerardo Castillo, Incoming Chief Business Officer, SCUSD



Orrick, Herrington & Sutcliffe LLP

The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669

+1 415 773 5700

orrick.com

July 28, 2026

Cancy McArn, Interim Superintendent and
Dan Schallock, Assistant Superintendent of Human Resources
Sacramento City Unified School District

Re: Authority to Use OPEB Trust Funds for Retiree Health Benefit Payments
(FY 2025-2026, 2026-2027, and 2027-2028)

Dear Cancy and Dan:

Based on the terms of the District's Retiree Health Investment and Trust Plan Agreement and related documentation you shared, as well as relevant legal authorities, including statutes, caselaw, and attorney general opinions, Plan Assets may be disbursed from the California Employers' Retiree Benefit Trust to pay current, documented SCTA retiree health costs; for CalPERS-compliant reimbursement of SCTA retiree health costs the District already paid during the fiscal year that just ended, June 30, 2026 (FY 2025–26); and for SCTA retiree health costs the District expects to pay during FY 2026–27 and FY 2027–28.

Using Plan Assets to pay current retiree health costs is not simply permissible; it is consistent with, and indeed supports, sound fiscal management and the very purpose for which the Trust was created. The Trust was specifically designed to smooth the cost of retiree health obligations over time, so that the District is not forced to fund those costs entirely out of its General Fund in any single year. Viewed this way, drawing on the Trust to cover FY 2025–26, FY 2026–27, and FY 2027–28 costs reflects the intended operation of the prefunding mechanism rather than a diversion of Trust assets to an unrelated purpose, and it supports — rather than undermines — the District's ability to demonstrate, as Education Code section 42127.6 (AB 1200) requires, that it can meet its financial obligations for the current year and the two years that follow.

That said, the District should endeavor to show that each withdrawal is one part of a coherent, longer-term funding plan, rather than a one-time draw made simply to relieve budget pressure. This does not mean the District must resume or continue making new contributions to the Trust in each of the next several years. The District may be unable to make contributions for the next two or three fiscal years. The District should seek to demonstrate that contributions are expected to resume in due course and that the Trust will remain able to pay benefits to both current and future retirees over the longer term, even with a temporary gap in new funding.



No legal authority supports withdrawals to reimburse retiree health benefit payments the District made in fiscal years before 2025–26. CERBT’s own rules allow a narrow, time-limited exception for the fiscal year that has just closed — a request to reimburse FY 2025–26 costs must reach CalPERS by July 31, after which only current fiscal year costs may be reimbursed. In this context, “prior year costs” refer to this recently closed fiscal year, not fiscal years further in the past.

To best protect the District, for any withdrawal — whether for the fiscal year just ended, the current year, or a future year — the District should ensure the Trust Board has authorized the withdrawal pursuant to the Trust Plan Agreement, that the District has followed CalPERS’s disbursement procedures, and that it has modeled the effect the withdrawal will have on the Trust’s assets and its ability to pay future benefits. This financial modeling serves two purposes: it gives the Trust Board a record showing it exercised the diligence its fiduciary duty to retirees requires, and it is the clearest way for the District to demonstrate that its withdrawals are part of a long-term funding plan rather than a drawdown of a finite, and currently only partially funded, asset. The more the District relies on Trust withdrawals rather than new contributions, the more important this modeling becomes.

Further, beyond how a court would view any particular reimbursement, there are additional open questions that could affect the analysis — most notably, whether retirees hold a vested contractual right to their retiree health benefits, an issue on which California courts have reached different conclusions depending on the facts. As such, and subject to the Trust Board’s fiduciary duties and updated financial modeling: (i) reimbursement from the Trust is likely permissible for retiree health benefit costs paid in FY 2025–26; and (ii) the District can likely use Trust assets to pay SCTA retiree health care costs in FY 2026–27 and FY 2027–28. Neither of these actions is entirely without risk, but that risk decreases the more clearly the District can show that these withdrawals are one piece of a coherent, ongoing plan to keep the Trust funded for retirees now and in the future.

Sincerely yours,

Orrick, Herrington & Sutcliffe