SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 6.2

Meeting Date: September 10, 2026

Subject: Approve the Memorandum of Understanding (MOU) to Aid the SCUSD Fiscal Recovery Between SCUSD and SCTA

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

Division: Human Resources Services

Recommendation: The recommendation is to approve Memorandum of Understanding (MOU) to Aid the SCUSD Fiscal Recovery Between SCUSD and SCTA.

Background/Rationale: The District has an immediate need to ensure there is no disruption to services provided to students. The District has worked with the SCTA, SEIU, and UPE to ensure we are recruiting staff to reduce the use of outside agencies to meet the needs of students.

Financial Considerations: The District will continue to work to recruit and retain employees in the areas of need identified in the MOU.

LCAP Goal(s): Graduation Outcomes, Academic Outcomes, and Welcoming Safety Outcomes.

Documents Attached: Labor Partner Agreement

1. Further Aid the SCUSD Fiscal Recovery

Estimated Time of Presentation: 10 minutes

Submitted by: Dan Schallock, Assistant Superintendent, Human Resources and Labor Relations

Approved by: Cancy McArn, Superintendent

Memorandum of Understanding

By & Between
The Sacramento City Unified School District (SCUSD)
&
The Sacramento City Teachers Association (SCTA)

September 9, 2026

Memorandum of Understanding (MOU) to Further Aid the SCUSD Fiscal Recovery

The Sacramento City Unified School District (SCUSD) and the Sacramento City Teachers Association (SCTA) (collectively, Parties) share a commitment to avoid seeing the District fall into state receivership, while united around a shared commitment to preserve local control.

Toward that end, SCUSD and SCTA are entering into this Memorandum of Understanding (MOU) to aid the fiscal recovery of the Sacramento City Unified School District (SCUSD) and to support the Parties' ongoing efforts to identify opportunities for health plan savings, particularly with one of the District's current health plan offerings—HealthNet—ceasing to offer coverage in California at the end of 2027.

The District and 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 (Fund), that Fund resources be used to pay the cost of SCUSD retiree health benefits for the 2028-29 school year only. The cost of these retiree health benefits is estimated to be $23 million in 2028-29. As of September 4, 2026, the Fund contained $199,295,107.91, and is projected to earn an estimated $25 million per year in interest. Consistent with the Fund document, payment of retiree health benefits is the identified purpose of the Trust Fund. This payment is not considered a loan and is not required to be repaid by either this MOU or the Trust Fund document.

2. **Health Benefits:**

Article 13.1.1 of the Collective Bargaining Agreement ("CBA") currently provides that "[t]he District shall provide all eligible employees with a choice of the Kaiser HMO Health plan and a mutually agreed upon alternative plan(s), which is currently HealthNet." While the CBA is currently closed, the District and SCTA have committed to and been engaged in conversations to achieve health plan savings. These conversations have become more urgent with the announcement that HealthNet will cease offering coverage to California at the end of the 2027 calendar year. To this end, the District and SCTA have agreed to the following:

A. Commencing January 1, 2027 for the 2027 plan year, the District shall provide all eligible employees through the non-profit California Schools Voluntary Employees Benefits Association ("CalVEBA") trust with a choice of the Kaiser HMO Health Plan, the Western Health Advantage HMO Health Plan, or the United Healthcare HMO Health Plan. Summary plan descriptions are attached as Appendix A.

B. The District will continue to provide Retiree Health Benefits based on eligibility as set forth in Article 13.10 of the CBA. The District shall provide benefits to eligible retirees through the non-profit CalVEBA trust. Summary plan descriptions are attached as Appendix B.

C. Consistent with and without making any changes to Article 13.1.1.1 other than with regard to the alternative plan offering as contemplated by Article 13.1.1.1, the District shall fully pay the cost of the above health plans for eligible employees, and will pay one hundred percent (100%) of the premium costs for eligible employees' dependents, including domestic partners and spouses covered by the plans. In the event that a unit member has a spouse or domestic partner who is also employed by the District, the District shall pay only for one plan to cover the unit member and his/her spouse/domestic partner, provided that the benefits for any individual teacher are not reduced.

D. The dental, vision and life insurance plans and coverage shall remain the status quo.

E. Except for changes set forth in paragraphs 2 (A) (B) and (C) set forth above, the remainder of Article 13 of the CBA between the Parties shall remain in full force and effect.

F. Any savings achieved by the plan changes made pursuant to this MOU will accrue to the District. Based on a Cal VEBA preliminary actuarial analysis, the anticipated savings of the health plan are an estimated $4 million per calendar year.

No additional health plan changes shall be made without the express written agreement of SCTA and there is no implied obligation for SCTA to agree to any potential changes to health plans for the duration of this MOU.

G. To effectuate this agreement, the District and SCTA will negotiate with CalVEBA the District's participation in the CalVEBA trust for certificated employees and retirees only. Upon completion of that participation agreement, the District and SCTA will schedule an open enrollment period for active employees and retirees to conclude by no later than Thursday, November 12, 2026. The implementation of the health plan changes will be January 1, 2027, unless otherwise mutually-agreed to by the parties. If an agreement between the District, SCTA, and CalVEBA is not reached, this MOU will be void.

3. **Effective date of the Agreement and Expiration:** This MOU shall go into effect contingent on the ratification by SCTA and approval of the SCUSD Board of Education, on September 30, 2026. This MOU shall remain in effect through June 30, 2030.

For SCUSD	**For SCTA**
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Cancy McArn, Superintendent	**Nikki Milevsky, President**
Date:__________________________	Date:__________________________