NOTE: Policy was previously deleted
RECOMMENDATTION: Discuss italic

It is the intent of the board of trustees to be fiscally prudent, and to establish and maintain a balanced budget every fiscal year. At times, due to funding and/or financial issues beyond the control of the board, it may be necessary to declare a financial emergency.

Prior to declaring a financial emergency, the board of trustees shall hold a public meeting for the purpose of receiving input concerning possible solutions in the financial problems facing the district. *This public meeting may be held on the same date as a scheduled board meeting, at which time the board will determine whether a financial emergency exists.*

Notice of the public meeting will occur pursuant to Idaho Code § 67-2343.

FINANCIAL EMERGENCY CRITERIA

This district may declare a financial emergency when the criteria for one of the following two scenarios below exist.

SCENARIO 1: The Idaho State Department of Education (SDE) must certify that one or more of the following three conditions apply:

1.   Any of the base salary multipliers in Idaho Code Section 33-1004E are reduced by 1.5% or more from any prior fiscal year;

2.   The minimum instructional salary provision in Idaho Code Section 33-1004E is reduced by 1.5% or more from any prior fiscal year; or

3.   The amount of total general fund money appropriated per support unit is reduced by greater than 3% from the original general fund appropriation per support unit of any prior fiscal year.

AND the board of trustees determines that its unrestricted general fund balance, considering both anticipated expenditures and revenue, is less than 5.5% of the district's unrestricted general fund budget at the time the financial emergency is declared or for the fiscal year for which the financial emergency is declared.

SCENARIO 2: Two possible variables exist with regard to Scenario 2, and the SDE must certify that the district's unrestricted general fund balance is, or will be, less than 5.5%.

•   **Variable 1:** The amount of property tax revenue to be collected by the district that may be used for any general fund purpose, with the exception of any emergency levy funds, is reduced from the prior fiscal year, and the amount of the reduction represents more than

1.5% of the school district's general fund budget for combined state and local revenues from the prior fiscal year.

- **Variable 2:** The district's general fund has decreased by at least 1.5% from the previous year's level due to a decrease in funding or a natural disaster, but not as a result of a drop in the number of support units or the index multiplier calculated pursuant to Idaho Code Section 33-1004A, or a change in the emergency levy.

AND the SDE certifies that the district's unrestricted general fund balance, considering both anticipated expenditures and revenue, is less than 5.5% of the school district's unrestricted general fund budget at the time the financial emergency is declared or for the fiscal year for which the financial emergency is declared.

DECLARATION OF FINANCIAL EMERGENCY

Once the board has determined that grounds for a financial emergency exist and it has passed a resolution declaring a financial emergency, the board has the power to:

1.   Reopen the salary and benefits compensation aspects of the negotiated agreement, including the length of the certificated employee contracts, and the amount of compensation and benefits.

2.   Mutually agree with the local education association to reopen other matters contained within the negotiated agreement directly affecting the financial circumstances in the school district.

The board and the local education association must meet and confer in good faith for the purpose of reaching an agreement on such issues. After the board and association have met and conferred in good faith, and in the event an agreement was not reached, the board may impose its last, best offer, following the outcome of a single due process hearing.

DUE PROCESS HEARING

A *single* due process hearing *for all affected teachers* must be held within sixty-seven (67) days of the declaration of financial emergency, or on or before June 22, whichever shall occur first, prior to the board imposing its last, best offer.

Unless the parties mutually agree to a single informal review process, the hearing procedure as set forth in Idaho Code Section 33-515(7) will be utilized. The Idaho Administrative Procedures Act does not apply to the due process hearing. The standard of review to be applied is "fundamental fairness."

A due process hearing shall not be required if the board and the association reach agreement on issues pertaining to salary and benefits compensation.

FINANCIAL EMERGENCY DURATION

A financial emergency shall only be effective for one fiscal year at a time. The board may only declare a financial emergency for a second consecutive year when all the statutory financial conditions exist, notwithstanding the district's financial emergency status in the prior fiscal year.

The time requirements pertaining to notice of reemployment for certificated employees shall not apply in the event a financial emergency is declared.

In the event a financial emergency has been declared, the notice of the annual board meeting, and the notice of the annual budget hearing shall be posted for not less than 5 days in at least three places and at least once in the newspaper, and by such further notice as shall provide reasonable notice to the patrons of the district if publication in a newspaper is not feasible.

In the event a financial emergency has been declared the board of trustees must, 14 days prior to its annual meeting, prepare a budget and shall have called and caused to be held a public hearing thereon, and at the public hearing, or at a special meeting held not later than 14 days after the public hearing, adopt a budget for the ensuring year.

♦ ♦ ♦ ♦ ♦ ♦ ♦

LEGAL REFERENCE:
Idaho Code Section 33-522

ADOPTED:

AMENDED: First Reading October 2, 2013

Language in text set forth in italics is optional.