



HB252 FINANCIAL EMERGENCY FAQs

Q: Who can declare a financial emergency?

A: School district trustees are the only entity authorized to declare financial emergencies, however the State Department of Education must certify that the appropriate condition has been met. (Pursuant to (33-522(2))

Q: Are trustees required to declare a financial emergency?

A: No. If the school district trustees determine the district cannot meet the financial criteria, or if the trustees feel the district has other options under which it can handle the financial crisis, the trustees may do so without declaring a financial emergency.

Q: Can trustees lower the amount of salary or length of teacher’s contract without declaring a financial emergency even if the local education organization is willing to do so?

A: No. Section 33-515(3) states that a contract **shall** (emphasis added) be for the same length as the term stated in the current contract and at a salary no lower than that specified therein, to which shall be added such increments as may be determined by the statutory or regulatory rights of such employee by reason of training, service, or performance. That means that even if both parties were to agree, the trustees cannot legally lower the amount of salary or length of the contract.

Q: What other options are available to school district trustees if they choose not to declare a financial emergency?

A: Trustees still have the option to use the reduction in force. There may also be school districts whose current general fund balance is large enough that the district can continue to operate under the current contract, including movement on the grid, and remain fiscally solvent.

Q: If a board of trustees declares a financial emergency, how long is that declaration effective?

A: One year. (Pursuant to Section 33-533(5))

Q: What are the criteria that must be met in order for school district trustees to declare a financial emergency?

A: A school district’s unrestricted general fund balance, less any projected expenditures and revenues for the year for which the emergency is being declared, must be less than 5.5% plus at least one of the following criteria: (1) a 1.5% reduction in either the base salary multiplier; (2) a 1.5% reduction in the minimal instructional salary provision; (3) a 3% reduction in the general fund appropriation per support unit; (4) the amount of property tax collected is reduced from the prior fiscal year and represents more than 5% of the district’s total general fund budget; (5) the school district’s general fund has decreased by at least 5%. (Pursuant to Section 33-522(2)(a-e))

Q: If the school district’s general fund balance is more than 5.5% today, can the school district trustees declare a financial emergency?

A: Yes. The ability to declare a financial emergency is based on the school district’s projected general fund balance at the end of the fiscal year for which the emergency is being declared, and not necessarily the general fund balance at the time the financial is being declared.

Q: Can the trustees declare a financial emergency at any time during the year?

A: Yes. Any time during the year when a situation occurs in the district that would allow the district to meet one of the five criteria and would drop the projected fund balance below 5.5%, the school district trustees can declare a financial emergency.

Q: Can school district trustees declare a financial emergency for a second consecutive year?

A: Yes, but only if additional revenue reductions have been incurred and the school district can meet the necessary criteria for declaring a financial emergency. If the revenue reductions remain the same or less, the trustees cannot declare a financial emergency for a second year.



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Q: What is the maximum time frame that a school district can take from the declaration of financial emergency until a decision is made?

A: The entire process must be completed within 67 days or by June 22 whichever occurs first. If the trustees declare a mid year financial emergency, then the process must be completed within 67 days. (Pursuant to Section 33-515(7))

Q: Can trustees open the salary and benefits portion of the master agreement once a financial emergency has been declared?

A: Yes, however they must negotiate in good faith with the local education association. (Pursuant to Section 33-522(3)(a))

Q: Are there other portions of the master agreement that can be opened once a financial emergency has been declared?

A: Yes. As long as both parties agree, any portion of the master agreement that deals with other matters directly affecting the financial circumstances of the school district may be opened. (Pursuant to Section 33-522(3)(b))

Q: Are school district trustees required to conduct a due process hearing?

A: No. If the trustees and the local education organization are able to reach an agreement during negotiations of the master contract, the trustees are not required to conduct a due process hearing. (Pursuant to Section 33-515(7) – last paragraph)

Q: Do trustees need to conduct a separate due process hearing for each teacher who requests one?

A: No, if an agreement has not been reached, the trustees are required to conduct one single due process hearing. Note: If both parties agree, an informal hearing can be conducted rather than a formal due process hearing. (Pursuant to Section 33-515(7))

Q: What happens if the school district trustees and the local education association are unable to reach an agreement at the end of the due process hearing?

A: If no agreement has been reached at the end of the due process hearing, the board of trustees may impose their last best offer. This means that trustees will make the final decision about reductions in force, salary reduction, furlough days, or any combination thereof even if the local education organization does not agree. (Pursuant to 33-522(4))