

Declaration of Financial Emergency Process

Financial Emergency Declaration Requirements

The Board of Trustees may declare a financial emergency if it determines that the District's unrestricted general fund balance, which excludes funds restricted by State or federal law and 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 and:

1. The State Department of Education certifies that one or more of the following conditions are met:
 - a. Any of the base salary multipliers in section 33-1004E, Idaho Code, are reduced by one and one-half percent (1 ½%) or more from any prior fiscal year; or
 - b. The minimum instructional salary provision in section 33-1004E, Idaho Code, is reduced by one and one-half percent (1 ½%) or more from any prior fiscal year; or
 - c. The amount of total general fund money appropriated per support unit is reduced by greater than three percent (3%) from the original general fund appropriation per support unit of any prior fiscal year;

Alternatively, a financial emergency may be declared by a District if:

1. The State Department of Education certifies that the District's unrestricted general fund balance, as described above, 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, and the District's Board further certifies that:
 - A. 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 said reduction represents more than 1.5% of the District's general fund budget for combined State and local revenues from the prior fiscal year; or
 - B. 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 natural disaster, but not a result of a drop in the number of support units or the index multiplier calculated pursuant to section 33-1004A, Idaho Code, or a change in the emergency levy.

Negotiations

Upon the declaration of financial emergency, the Board of Trustees shall have the power to 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. And if the parties to the negotiated agreement mutually agree, the Board shall also have the power to reopen the other matters contained within the negotiated agreement directly affecting the financial circumstance in the District.

Due Process Hearing

If:

1. The Board of Trustees takes action after the declaration of a financial emergency; and
2. This action is directed at more than one certificated employee; and
3. Both Parties mutually agree.

The Board shall use the following procedure to conduct a single, joint due process hearing for all affected certificated employees within sixty seven (67) days of the declaration of financial emergency or on or before June 22, whichever shall occur first. The due process hearing shall not be required if the Board of Trustees and the local education association reach an agreement.

- a) The Superintendent or any other duly authorized administrative officer of the District may recommend the change in the length of the term stated in the current contract or reduce the salary of any certificated employee by filing with the Board written notice specifying the purported reasons for such changes.
- b) Upon receipt of such notice, the Board, acting through its duly authorized administrative official, shall give the affected employees written notice of the reductions and the recommendation of the change in the length of the term stated in the current contract or the reduction of salary, along with written notice of a hearing before the Board prior to any determination by the Board.
- c) The hearing shall be scheduled to take place not less than six (6) days nor more than fourteen (14) days after receipt of the notice by the employees. The date provided for the hearing may be changed by mutual consent.
- d) The hearing shall be open to the public.
- e) All testimony at the hearing shall be given under oath or affirmation. Any Trustee of the Board, or the clerk of the Board, may administer oaths to witnesses or affirmations by witnesses.
- f) The employees may be represented by legal counsel and/or by a representative of a local or state education association.
- g) The Chair of the Board or the designee of the Chair shall conduct the hearing.
- h) The Board shall cause an electronic record of the hearing to be made or shall employ a competent reporter to take stenographic or steno-type notes of all the testimony at the hearing. A transcript of the hearing shall be provided at costs by the Board upon request of the employee.
- i) At the hearing the Superintendent or other duly authorized administrative officer shall present evidence to substantiate the reduction contained in such notice.
- j) The employees may produce evidence to refute the reduction. Any witness presented by the Superintendent or by the employees shall be subject to cross-examination. The Board may also examine witnesses and be represented by counsel.
- k) The affected employees may file written briefs and arguments with the Board within three (3) days after the close of the hearing or such other time as may be agreed upon by the affected employees and the Board.
- l) Within seven (7) days following the close of the hearing, the Board shall determine and, acting through its duly authorized administrative official, shall notify the employees in writing whether the evidence presented at the hearing established the need for the action taken.

Length of Financial Emergency

A financial emergency shall be effective for one (1) fiscal year unless the District qualifies in subsequent years due to additional reductions or applicable conditions.

Annual Meeting and Notice Requirements

If a financial emergency has been declared, the notice of annual meeting and the notice of the annual budget hearing shall be posted for not less than five (5) days, and by such further notice as shall provide reasonable notice to the patrons of the District if publication in a newspaper is not feasible. If the District has declared a financial emergency, no later than fourteen (14) days prior to its annual meeting, the Board shall have prepared a budget, and held a public hearing.

Contract Date Impact

The time requirements of sections 33-514(2) and 33-515(2), Idaho Code, shall not apply in the event a financial emergency is declared.

Legal reference:	I.C. § 33-402	Notice Requirements
	I.C. § 33-515	Issuance of Renewable Contracts
	I.C. § 33-522	Financial Emergency
	I.C. § 33-801	School District Budget

Policy History:

- Adopted on: March 8, 2010
- Revised on: January 14, 2013
- Revised on: March 9, 2026