

LAWERENCE E. DENNEY

P.O. BOX 83720
BOISE, IDAHO 83720 - 0038
(208) 332-1111
FAX (208) 334-2491



HOME ADDRESS
P.O. BOX 114
2227 DENNEY ROAD
MIDVALE, IDAHO 83645
(208) 355-2374

House of Representatives State of Idaho

SPEAKER OF THE HOUSE

April 5, 2010

School Board Trustees
State of Idaho

Dear Trustees:

Now that the legislative session has ended and we know all the education-related legislation and budget has passed, we understand that school district trustees will begin looking at next year. Just as the Legislature has had to balance the FY11 state budget, so too must each of you balance your own school district's FY11 budget.

Because of the 7.5% decrease in funding, it will most likely be necessary for trustees to negotiate a reduction in salary and benefits for the employees in your districts. In an effort to assist you in your negotiations with your local unions, Section 34 was added to the public education budget bill. As you know, Section 34 has declared a statewide financial emergency and absolves school districts from having to meet the qualifying criteria in 33-522, Idaho Code.

During this session, the Legislature balanced the state budget based on revenue projects we received in January. Since that time, revenue projects have not been met and continue to be substantially less than anticipated. Should this trend continue, there are not enough dollars in FY10 to balance the budget. In order to balance the FY10 budget, one-time funds that have been utilized in the FY11 budget will need to be brought back into FY10. That means there will be a deficit in FY11 that would require another holdback.

Because all the rainy day funds have been drained, **we want to make clear that public education can no longer be held harmless should a holdback become necessary.** As such, we are strongly encouraging you to take that into consideration as you look at ways to balance your budget. While there is no way to know for certain at this time, a holdback of 3.5% to 5.5% is a distinct possibility.

Because salaries and benefits make up 80%-90% of your local district budgets, that most likely means that most, if not all, of any future holdback will need to come from salaries and benefits. It is our understanding that once the master/negotiated agreement is signed, and individual teacher contracts are signed, trustees do not have the ability to reopen those contracts mid-year should a holdback occur. As such, in order to budget for up to 5.5% holdback, **it will be necessary for you to negotiate that with your union before any agreements are signed.** Again, it will be your only chance to do so.

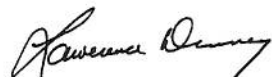
School Board Trustees
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We understand that this will not be easy, and we understand that there will most likely be much opposition to such planning. As trustees, we know that you understand the need to balance your budgets and to keep your districts financially solvent.

We have been in close contact with your Executive Director, Karen Echeverria. We know that she and others in your organization are prepared to assist you with the financial emergency process and have several ideas on how to negotiate this difficult situation with your local unions. We encourage you to contact her immediately, prior to beginning your negotiations, to get advice on how best to proceed.

Thank you for your service to the students of Idaho, and we look forward to working with you in the future.

Sincerely,



Lawrence Denney
Speaker of the House



Scott Bedke
Assistant Majority Leader



Michael Moyle
Majority Leader



Ken Roberts
Caucus Chair

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