



## Updated: Personnel Contracts (or Not) in a Tough Budget Year

There is a lot of uncertainty in the economy and the state budget for the 2020-21 fiscal year – much of which will probably not be resolved by the time school district budgets must be passed in June. However, now is the time when school districts are re-employing staff, the largest expense for every school district. Here are some tips:

1. **The dates have changed!** The governor has [used his emergency powers](#) to extend the statutory deadlines for notifying and providing contracts to teachers and administrators by 30 days. The law requires notification of re-employment (or not) of by April 15 and the contracts must be issued by May 15. Tenured teachers are not required to receive a contract (though many districts issue them) but must be notified of their compensation by May 15. ***Under the governor's order, certificated employees must be notified by May 15 if their contract will (or will not) be renewed and they must receive a contract no later than June 14 (remember that May has 31 days).*** This gives districts a little bit more time to make employment decisions and decisions regarding compensation – but not much. Keep in mind, if your district delays issuing contracts, probationary teachers can look for other jobs.
2. **What does your contract say?** Many districts will want to delay the final decision regarding teacher and administrator compensation until June. Further, districts want to lock in probationary teachers early with a binding contract. There is a way! MSBA's standard probationary teacher contract includes the following language:

The Teacher shall be paid \$\_\_\_\_\_ [amount due under currently adopted salary schedule] annually in accordance with the salary schedule adopted by the Board. This amount will be increased in accordance with any amendment to the salary schedule made by the Board no later than June 30, 2020, if any amendment is made.

This language allows the district to fill in the salary based on the current, unaltered salary schedule, but also gives the Board some time to make decisions later as to increasing teacher salary further.

If your district is concerned it cannot operate the current salary schedule and may need to freeze salaries, consider the following:

The Teacher shall be paid \$\_\_\_\_\_ [current salary amount] annually. This amount will be increased in accordance with any amendment to the salary schedule made by the Board no later than June 30, 2020, if any amendment is made.

Some districts might want to delay the final decision until after June, but MSBA does not recommend doing this because for many districts the contract officially begins July 1. MSBA encourages districts to discuss any changes to district employment contracts with the district's private attorney. For more sample employment contracts, go to <https://www.mosba.org/school-personnel/>.

3. **Can the district decrease salaries?**

- a. **Teachers.** Yes, if the district adopts a new salary schedule that reflects the change. But that decision should be made soon. While it is not a legal problem to increase salaries, with appropriate language in the contract, after May 15 (June 14 this year), MSBA does not recommend decreasing salaries after that date.
- b. **Contracted administrators.** Yes, if their contract ends this year. The district will need to provide the new salary to the administrator in the contract due no later than May 15 (June 14 this year).
- c. **At-will support staff.** Yes. The district may notify noncontracted staff at any time that their wages will be decreased.

Please note that decreasing salaries will be politically unpopular and not good for staff morale, so proceed with caution and good legal advice.

4. **Non-renewing employees is easier than laying them off.** If your district's reserves are low and you have serious concerns about weathering a budget storm even for a little while, the district might consider non-renewing probationary teachers or administrators or notifying support staff that their services are not needed next year. This is obviously an extreme measure that should not be taken lightly as those employees will be difficult to replace. That said, if cutting staff is inevitable, it is easier to do so now and give employees the maximum notice than to make the decision later. Further, for contracted employees like probationary teachers there are more legal steps necessary to lay a teacher off mid-contract than to simply not issue a contract.

If the district decides to go this route, the Board must vote to non-renew certificated staff soon as they must be notified in writing no later than April 15 (May 15 this year). If the Board non-renews a teacher, the notice must include a statement that the teacher is being non-renewed due to financial considerations.

5. **Do not contract if you do not have to.** The law requires districts to enter into binding employment contracts with teachers and administrators, but not other employees or positions. Some districts hand out employment contracts out of habit, not because they are required to do so by law. For example, many districts issue extra duty contracts although they are not required.

This would be a good year to end that practice. While the law allows for school districts to lay off certificated employees such as teachers (even tenured teachers) if there is a change in the financial condition of the district, there is no law that allows districts to break employment contracts with other employees in the same circumstances. Instead, issue the employees a letter of intent. A sample is available at <https://www.mosba.org/school-personnel/>.

6. **Add an escape clause.** If for some reason the district cannot get away from issuing extra duty or support staff contracts, make sure that there is a provision in the contract that allows the district to terminate the contract with no penalties due to a change in the financial circumstances or the district.