

# BRED, LBO, Deficit Financing

2022 IEERB Annual Conference

August 2022

Ryan Preston CFO

# Pre-Impasse Services

- IEERB
  - Website provides multiple guidance documents on bargaining subjects
  - IEERB Staff will answer questions and discuss how to be compliant
- Consultants
  - IEERB can help with finding neutral mediating and financial consultants to assist parties
    - Must be at mutual request of both parties
    - Must be made after the beginning of bargaining and before impasse
    - Must divide cost of preparation, travel, and consultation

# Employer Bargaining Revenue and Expense Disclosure

- Indiana Administrative Code – 560 IAC 2-4-1(c)
- Within 14 days of declaration of impasse
- Provided to IEERB and the exclusive representative
- Financial information that the school employer will rely on to complete their Last, Best Offer
  - Required to provide all revenue, bargained teacher expenses, nonbargained teacher expenses and nonteacher expenses

# BRED (continued)

- Compile actual numbers

Description			Exhibit	
(if not applicable, mark N/A)	<u>Timeframe</u>	<u>Number</u>	<u>Number</u>	
Education fund revenue	FY 2023			
Operating referendum tax levy revenue	FY 2023			
School safety referendum tax levy revenue	FY 2023			
State grant revenue budgeted for teachers compensation	FY 2023			
Federal grant revenue budgeted for teacher compensation	FY 2023			
Total estimated bargained teacher expenses under status quo CBA	FY 2023			
Total estimated nonbargained teacher expenses	FY 2023			
Total budgeted Education fund non-CBA expenses	FY 2023			
Total budgeted Operating referendum non-CBA expenses	FY 2023			
Total budgeted School safety referendum non-CBA expenses	FY 2023			

# BRED (continued)

- Provide support with documents
  - DLGF Budget forms
  - County Auditor property tax forms (if applicable)
  - IDOE certifications
  - State and Federal grant budgets
  - Monthly School financial reports

# Last, Best Offer

- IC 20-29-6-13(c)(2)
  - Mediation must result in an agreement or each party's last best offer being presented
- IEERB has a required format, required information, and required supporting documentation
- IEERB requires that parties submit LBOs electronically and hardcopy versions
  - [impasse@ieerb.in.gov](mailto:impasse@ieerb.in.gov)
  - 143 W. Market Street, Suite 400 Indianapolis, IN 46204

# LBO (continued)

- Required Format:

- LBO Overview

- Total LBO Costs, Revenue and Expenses (some actual, some estimated), Financial and ADM trends

- Narrative

- Summary of proposed CBA, Explanation of any estimates, Changes from prior CBA

- Exhibits

- The proposed CBA, Supporting financial reports, ADM information

# LBO (continued)

- IEERB performs a preliminary review
  - Reviewed to determine if IEERB's required LBO format and documentation are met
  - Reviewed to determine if deficit financing statute is satisfied
  - Failure to meet requirements could result in LBO rejection and acceptance of second party's LBO
- Provided to fact finder for consideration during the final process and selection



# Deficit Financing

- Indiana Code 20-29-2-6
  - Definition – actual expenditures exceeding actual education fund revenue and if applicable certified revenue for operating tax referendum and school safety tax referendum; and transfer from Operations fund if school board has followed IC 20-29-6-3(c)
- IC 20-29-6-3
  - It is unlawful for a school employer to enter into any agreement that would place the employer in a position of deficit financing due to a reduction in education fund revenue or an increase in expenditures when it results in actual education fund expenses to exceed actual education fund revenue
  - A contract that results in deficit financing is void

# Deficit Financing (continued)

## DEFICIT FINANCING CALCULATION

Note: This calculation is for schools that directly receive state tuition support.  
Other entities may contact IEERB for a customized deficit financing calculator.

*Amounts are  
examples only*

Operation	Description	Timeframe	Amount
Start with	Education fund Revenue <sup>1</sup>	July 1, 2022 - June 30, 2023	\$125,000,000.00
ADD	Operating Referendum Revenue <sup>2</sup>	July 1, 2022 - June 30, 2023	\$25,000,000.00
ADD	School Safety Referendum Revenue <sup>2</sup>	July 1, 2022 - June 30, 2023	\$9,000,000.00
ADD	Transfers from Operations Fund <sup>3</sup>	July 1, 2022 - June 30, 2023	\$1,000,000.00
<b>SUM</b>	<b>TOTAL REVENUE FOR STATUTORIAL DEFICIT FINANCING</b>	July 1, 2022 - June 30, 2023	<b>\$160,000,000.00</b>
SUBTRACT	Education fund Expenses <sup>4</sup>	July 1, 2022 - June 30, 2023	\$155,000,000.00
<b>EQUALS</b>	<b>Must be greater than or equal to zero <sup>5</sup></b>	July 1, 2022 - June 30, 2023	<b>\$5,000,000.00</b>

# Contact Info

- School Finance or IEERB BRED, LBO, or Deficit Financing questions
  - Ryan Preston
    - Email - [rypreston@ieerb.in.gov](mailto:rypreston@ieerb.in.gov)
    - Office Phone – (317) 234-8359
- Resources
  - Mandatory Impasse Procedures (Mediation & Factfinding) website
    - <https://www.in.gov/ieerb/collective-bargaining-and-impasse/mandatory-impasse-procedures-mediation-and-factfinding/>