



# 2025 Legal Updates

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# New for 2025!!!

- School Finance
  - HEA1001 / HEA1515 / SEA1 / SEA146
  - 65% / Curricular Materials Contracts / TAG
- Evaluations
  - HEA1002 (no more RISE model)
- Teacher Compensation
  - HEA1002 / SEA249 / IC 20-28-9-1.5(e)
- Supplemental Payments
  - ULPs / SEA 249



# School Finance

- HEA 1001:
  - 2% tuition support funding increase
  - Change to School Choice voucher requirements
  - TAG
  - Curricular materials contract costs
- HEA 1515:
  - Virtual student ADM requirements
- SEA 1:
  - Property tax changes
  - New referendum requirements
- SEA 146
  - 65% tuition support requirement (up from 62%)



# Teacher Evaluations

- HEA 1002:
  - Repealed required RISE evaluation model
  - Repealed related statutory references to teachers rated Highly Effective, Effective, Improvement Necessary, Ineffective
- School Corporations have unilateral discretion to create the evaluation plan for their teachers.
  - IC 20-29-6-4(b): Salary and wages ... do not include the teacher evaluation procedures and criteria, any components of the teacher evaluation plan, rubric, or tool

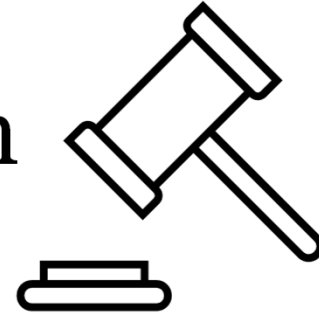


# Supplemental Payments

- IC § 20-28-9-1.5(a)
- Definition: Supplemental payments are compensation paid to teachers in excess of the salary specified in the bargained compensation plan and in addition to any increases
  - Originally limited to only certain types of teachers
  - Corporation can now pay to any teacher when doing so is in the best interest of students (SEA 249-2025)
  - Not subject to collective bargaining
- Tension: Must bargain wages vs Must not bargain supplemental payments



# Evansville-Vanderburgh



- Evansville Teachers Association v. Evansville-Vanderburgh School Corp. U-23-04-7995 (Dec. 2024; Aff'd. June 2025)
- ETA filed ULP alleging that EVSC violated its duty to bargain under IC § 20-29 by issuing supplemental payments to teachers outside of the collective bargaining process
- This case presented the Board with an issue of first impression



# Evansville-Vanderburgh



- Relevant Facts:

- EVSC bargained a 2-year, 2021-23 CBA that included some bargained stipends
- In May of 2023, just before the CBA expired, EVSC announced a second installment of the stipend
- The additional stipend amount was funded using federal grant money that was set to expire
- The additional stipend amount was paid in September 2023 before a new contract had been bargained
- The additional stipend amount was not bargained



# Evansville-Vanderburgh



- **Holding:**
  - The Hearing Examiner concluded that EVSC did not violate its duty to bargain by paying a supplemental payment from federal grant funds, and the Board affirmed
- **Reasoning:**
  - The rationale was that the supplemental payments were made using funds not implicated by the deficit financing statutes (i.e., federal grant funds) and thus did not alter the amount available for bargaining
  - Because the parties had the same amount (up to the deficit financing limit) with which to bargain their next CBA, the additional stipend payments were inherently “in addition to” the salary amounts that were subsequently bargained





# Richmond ULP



- Richmond Education Association v. Richmond Community Schools  
U-23-03-8385 (April 2025)(Oral Argument held 8/12/25)
- Similar facts to Evansville-Vanderburgh ULP, but this time, the supplemental payments were funded using education fund revenue left as cash balance from a prior fiscal year
- Again, the Hearing Examiner looked at the deficit financing language



# Richmond ULP



- Test: Whether revenues implicated in deficit financing, as defined by IC 20-29-2-6, for a **current or future state fiscal year** were used to fund the supplemental payments at issue prior to ratification of a CBA (emphasis added)
  - Is the supplemental payment in addition to the salary specified in the compensation plan, or in lieu of it?
- Holding: No ULP
- Reasoning: Education fund revenue retained as cash balance from a prior fiscal year has already been bargained and does not impact the deficit financing analysis in the subsequent year



# Deficit Financing Statutes

- IC § 20-29-2-6
  - “...actual expenditures exceeding the employer’s **current year** actual education fund revenue...” (emphasis added)
- 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
  - A contract that provides for deficit financing is void to that extent, and an individual teacher’s contract executed under the contract is also void



# Deficit Financing

- Under the statutes, the deficit financing determination is essentially a cash flow analysis
  - Current year ed fund revenues > current year ed fund expenses
- Regardless of whether there are additional funding sources or prior year assets on the balance sheet, a CBA cannot cause the corporation to exceed that deficit financing threshold in any particular year
- Any CBA that places the corporation in a position of deficit financing is void, objectively, as a matter of law



## SEA 249 (2025)

- Creates a mechanism for school employers to set aside a portion of their current year education fund revenue before ratifying a CBA to fund supplemental payments
  - This funding otherwise WOULD be implicated by deficit financing for the current fiscal year
- Must set aside the funds with a board resolution PRIOR TO September 15, the start of formal bargaining
- Funds set aside by such a resolution are not considered education fund revenue for the current period for the purposes of deficit financing



# Supplemental Payments

- Ways a school employer can pay a supplemental payment:
  - Use non-education fund money such as federal grant money
  - Use cash balance left over in your education fund after bargaining last year
  - Use current year education fund revenues but wait until you've ratified your CBA
  - NEW: Set aside a portion of this year's education fund revenue before bargaining with a board resolution before 9/15
- TIP for School Employers: If you pass a resolution to pay a supplemental payment, use that terminology in the resolution to clarify your intentions



# Stay Tuned!

More legal updates to be covered in the rest of today's presentations!

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