

## MEMORANDUM

To: Local Education Agencies

From: Marsha Bugalla, General Counsel

Date: May 10, 2019

Re: Senate Enrolled Act 281 – School Administrator Contracts

### **Background:**

This legislation was enacted to set limits on contract buyouts by a governing school body of school administrator contracts.

### **Guidance:**

This new legislation will govern school administrator contracts, such as contracts between the governing body of the school corporation and principals/assistant principals/assistant superintendents. It provides that, in a contract entered into before July 1, 2019, between a governing school body and a school administrator, the school corporation may not buy out the school administrator's contract for an amount that exceeds the salary amount for any one year under the contract, unless the contract specifically provides otherwise. (See IC 20-28-8-2.5). The same applies to a contract with an assistant superintendent, however the school corporation may not buy out the contract for an amount that exceeds an amount equal to the lesser of: (1) the assistant superintendent's salary for any one year under the contract; or (2) \$250,000, unless the contract specifically provides otherwise. (See IC 20-28-8-3.5).

This legislation also requires that for an initial employment contract entered into after June 30, 2019, between the governing body of a school corporation and an assistant superintendent, a principal, or an assistant principal be at least one year and not more than three years. However, this law allows for a contract that is renewed after June 30, 2019, with an assistant superintendent, a principal, or an assistant principal to be extended for an additional three years beyond the original contract term. (See IC 20-28-8-2, 2.7).

If you have any questions, please contact Marsha Bugalla at [mbugalla@doe.in.gov](mailto:mbugalla@doe.in.gov) or (317) 234-6790.

This bill was authored by Senator Erin Houchin and full bill text can be found [here](#). Information regarding how to contact your legislators can be found [here](#).