

Bruce Singer
Fiscal Monitor
East Ramapo Central School District
105 S Madison Ave
Spring Valley, NY 10977-400

Dr. Betty A. Rosa
Commissioner of Education
New York State Education Department
89 Washington Avenue
Albany, NY 12234

April 4, 2022

Dear Dr. Rosa:

RE: Fiscal Monitor Findings and Recommendation Regarding the East Ramapo Central School District's 2022-2023 School Year Proposed Budget

In accordance with Chapter 173 of the Laws of 2021, I have reviewed the proposed East Ramapo Central School District's (ERCSD or "the district") 2022-2023 school year proposed budget to determine whether it is balanced within the context of revenue and expenditure estimates and mandated programs. I have also reviewed the proposed 2022-2023 school year (.9 (c)4 (o the district is proposing a 3.96% tax levy increase, which is within the allowable tax levy cap, meaning only majority, rather than supermajority, voter approval will be needed. If approved, tax levy funding would increase from an estimated \$154,490,227 in the 2021-22 school year to a projected \$160,613,492 in the 2022-2023 school year.

accurate and submitted timely. The intent is to be revenue/expenditure neutral. As the district builds capacity within various departments, the expenditures for third-party consultants will be reduced when district staff can successfully accomplish these tasks. This will be an ongoing process.

- There is \$6,062,134 budgeted for capital projects, which is subject to voter approval and includes support for special education services; handicapped accessibility, and the renovation of secondary instructional areas for physical education. Among renovations proposed to be made are ones pertaining to Americans with Disabilities Act (ADA) accessibility; bleacher replacement; and gym floor replacement.
- The budget expands educational programming for students but not limited to, extracurricular activities, course offerings, mandated support services, non-mandated art and music classes, programs, and services for English language learners and students with disabilities. The budget does so by allocating sufficient funds for professional support staff; professional development contracts and projected increase in cost of transportation, bas 0 12 9 (ns)-1 (p) 90 55B-2 (a)4 (t)-oeA(r)-7 4 (t)ba6 (ed)-4 (aBody <<(-)Tj 19.04

Act Grant funding. Consultant contracts not otherwise budgeted for in the 2021–2022 Budget would have been unaffordable if not for the COVID response funds. However, since these funds must be expended within prescribed time periods, the district has begun to prepare for when the funds will no longer be available to support district programs and services. The district finances need to be closely managed to ensure the budget remains balanced. Reductions in the General Fund Budget must occur to achieve long-term fiscal stability, and the practice of reducing staffing by not backfilling the positions of persons who retire has been implemented. Further reductions in all areas – including both instructional and non-instructional services – must continue to ensure long-term stability. Every area of future budgets will be impacted. All programs must be analyzed for effectiveness and sustainability. Considering the large expenditures being paid for by the COVID response grants, the elimination of these funds will have a considerable impact on all district operations in future years. The review of all programs is currently being studied.

Fund Balances

- There is a daily review of every budgetary line item to ensure that the 2021 school year budget is well managed in order to generate fund balances or reserves that can mitigate future fiscal uncertainties.
- As the ERCSD Fiscal Year June 30, 2021, Financial Audit reflected a deficit of \$22,352,946, the district has taken steps to institute long-term sound financial practices, such as, using prior year expenditures as a basis for the development of the proposed 2022 budget.
- The district projects that the June 30, 2022 Unassigned Fund Balance to be approximately \$10 million. Current year revenues are projected to exceed current year expenditures.
- The district has taken a very conservative approach in the analysis of the 2021–2022 school year budget. The ERCSD historically has not maintained sufficient reserves. The intent of the line-by-line budget review is to ensure that year-end reserves are established. The district's goal is to establish the maximum allowable 4% unassigned fund balance by June 30, 2022. The district projects that the June 30, 2022 Unassigned Fund Balance will be approximately \$10 million. Current year revenues are projected to exceed current year expenditures.
- Unassigned fund balance in New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a district can retain to no more than 4% of the district's budget 4 (en)

annual surplus or deficit and unrestricted fund balance in the 2025–2026 school year: In projecting year-end fund balances, the district used conservative estimates that would typically project expenditures to be higher than they will actually be. The district did not incorporate the use of reserves to balance the budget. Any excess fund balance would be recommended to be placed in reserves to be available for future use if needed.

| Scenario | Revenue Expenditure | Projected Annual Change | | | | Surplus/ Deficit (in millions) | Unrestrict ed Fund Balance (in millions) |
|----------------------|------------------------|-------------------------|-------|-------|-------|---|---|
| | | 22–23 | 23–24 | 24–25 | 25–26 | | |
| Year Conservative | | | | | | 25–26 | 25–26 |

sustainability. The district will ensure prudent fiscal management so as to manage the return of expenditures to the General Fund when the COVID response funds are no longer available. The district anticipates approximately \$5 billion annually in expenditures to return to the General Fund that are the recurring costs. This does not include onetime costs, such as the \$90 Million capital construction projects. The district recognizes the General Fund expenditures must be reduced, or General Fund Revenue must be increased in order to balance future budgets. This process must be a concerted district effort. The aim is for district leadership to provide recommendations to reduce the district expense budget by increasing personnel and program efficiencies following a budget efficiency strategy process similar to what was detailed in the Increasing Personnel Efficiency 2020-2021 Report. The budget efficiency strategy will begin with a review of all non-instructional programs (g., athletics, extra-curricular, co-curricular), prior to reviewing non-mandated instructional programs (the Arts) and reductions to personnel. In subsequent years, the specificity of program and personnel reductions will be addressed and communicated based on the revenues and expenditures in future year budgets. Currently, such information is unknown.

