



MAINE-ENDWELL CENTRAL SCHOOL DISTRICT

Delivering a premier education to each student

Maine-Endwell CSD 2020-2021 Budget Update

September 17, 2020

Budget Update Goals:

1. Address questions and changes since the August 31 BOE meeting regarding the status of NYS school aid.
2. Discuss financial options for addressing withheld NYS aid through December 31 and beyond.
3. Discuss timeline for decision-making and communication purposes.

State Aid Office at the New York State Education Department: **8-20-2020**

On August 13, 2020, Division of the Budget (DOB) issued the FY 2021 First Quarterly State Budget Financial Plan Update which notes that, in the absence of Federal action since enactment of the FY 2021 budget, **DOB began withholding 20 percent of most local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.**

In July, DOB began approving General Support for Public Schools (GSPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) **at 80% of the otherwise scheduled amounts.**

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, **in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of FY 2021.**

NOTE: Fiscal Year for NYS is April 1 – March 31. 2nd Quarter is July - September

Cuomo reverses course on September withholding

By Eric D. Randall, Editor-in-Chief

School leaders are welcoming news that the Cuomo administration will not withhold any money from school aid payments due at the end of the month. This follows 20% reductions in prior payments this summer.

Budget division spokesperson Freeman Klopott confirmed the move, according to a Politico report on Wednesday night.

"That is good news," said Aaron Bochniak, interim superintendent in Schenectady City School District, which recently laid off 400 staff members. It is dependent on the state for 69% of its funding.

"It's exciting news," said Kaweeda Adams, superintendent of the Albany City School District, which has notified 222 employees that they will be laid off. State aid accounts for 45% of its budget.

"In our conversations with state officials, we have been emphasizing the harmful impact of the strategy of withholding portions of aid," said NYSBBA Executive Director Robert Schneider. "The news about the September payments is a move in the right direction."

Superintendents said they look forward to receiving official confirmation and more information on the long-term outlook.

"Please, please, please tell us with certainty what we should be planning for," Bochniak said. When uncertainty over aid is high, districts that are highly dependent on state aid must plan for the worst, he said.

Newsday reported that potential cuts to school aid would be decided in November and that the Division of Budget "would take needs of individual districts into account, suggesting reductions would be proportional to wealth." It cited Klopott as its source.

The Budget Division announcements follow the filing of a lawsuit by New York State United Teachers in state Supreme Court in Albany that Klopott dismissed as "frivolous." The union contends the withholdings violate students' rights under the state constitution to a sound basic education and unfairly impact less wealthy communities.

Meanwhile, state Budget Director Robert Mujica has issued a warning for districts not to overreact to withholdings of state aid.

"Some school districts are acting prematurely as they undertake mass layoffs," Mujica said in an article submitted to the Albany Times Union, which quoted the article in a news story published online today.

Superintendents countered that if they had taken a wait-and-see attitude, that could have led to twice as many layoffs, if aid was not restored and made whole.

"In their own document that they published in mid-August, they said it's 20 percent, but it could be more," Bochniak noted. "And even though it's temporary now, it could be converted to permanent."

"We are not haphazard in our decisions," Adams said of her district's layoffs. "These are not decisions we want to make. This district has worked so hard over the past two years to put things in place that are beneficial for our students. We have had collective efforts from our teachers, our support staff, our administrators, our school board, our community partners and our families. We have put things in place that help make our students successful. It is devastating to have to make the decision to modify the things that we know result in student progress and growth."

In his article submitted to the Times Union, Mujica referred to hopes that the federal government would provide coronavirus relief aid that could be applied to schools. "We all need to work together to fight for the federal assistance we deserve," Mujica wrote.

He added: "If the federal government forces us to reduce spending, we'll protect high-need districts from the impact as much as possible."

SEPTEMBER 16TH 2020 UPDATE

- Budget division spokesperson **Freeman Klopott** confirmed, **Cuomo administration will not withhold any money from school aid payments due at the end of the month. *Potential cuts to school aid would be decided in November*** and that the Division of Budget "would take needs of individual districts into account", suggesting reductions would be **proportional to wealth.**
- State Budget Director **Robert Mujica** has issued a **warning for districts not to overreact to withholdings of state aid. *"Some school districts are acting prematurely as they undertake mass layoffs."*** Mujica referred to hopes that the federal government would provide coronavirus relief aid that could be applied to schools. "We all need to work together to fight for the federal assistance we deserve."

Cuomo reverses course on September withholding

By Eric D. Randall, Editor-in-Chief

School leaders are welcoming news that the Cuomo administration will not withhold any money from school aid payments due at the end of the month. This follows 20% reductions in prior payments this summer.

Budget division spokesperson Freeman Klopott confirmed the move, according to a Politico report on Wednesday night.

"That is good news," said Aaron Bochniak, interim superintendent in Schenectady City School District, which recently laid off 400 staff members. It is dependent on the state for 69% of its funding.

"It's exciting news," said Kaweeda Adams, superintendent of the Albany City School District, which has notified 222 employees that they will be laid off. State aid accounts for 45% of its budget.

"In our conversations with state officials, we have been emphasizing the harmful impact of the strategy of withholding portions of aid," said NYSSBA Executive Director Robert Schneider. "The news about the September payments is a move in the right direction."

Superintendents said they look forward to receiving official confirmation and more information on the long-term outlook.

"Please, please, please tell us with certainty what we should be planning for," Bochniak said. When uncertainty over aid is high, districts that are highly dependent on state aid must plan for the worst, he said.

Newsday reported that potential cuts to school aid would be decided in November and that the Division of Budget "would take needs of individual districts into account, suggesting reductions would be proportional to wealth." It cited Klopott as its source.

The Budget Division announcements follow the filing of a lawsuit by New York State United Teachers in state Supreme Court in Albany that Klopott dismissed as "frivolous." The union contends the withholdings violate students' rights under the state constitution to a sound basic education and unfairly impact less wealthy communities.

Meanwhile, state Budget Director Robert Mujica has issued a warning for districts not to overreact to withholdings of state aid.

"Some school districts are acting prematurely as they undertake mass layoffs," Mujica said in an article submitted to the Albany Times Union, which quoted the article in a news story published online today.

Superintendents countered that if they had taken a wait-and-see attitude, that could have led to twice as many layoffs, if aid was not restored and made whole.

"In their own document that they published in mid-August, they said it's 20 percent, but it could be more," Bochniak noted. "And even though it's temporary now, it could be converted to permanent."

"We are not haphazard in our decisions," Adams said of her district's layoffs. "These are not decisions we want to make. This district has worked so hard over the past two years to put things in place that are beneficial for our students. We have had collective efforts from our teachers, our support staff, our administrators, our school board, our community partners and our families. We have put things in place that help make our students successful. It is devastating to have to make the decision to modify the things that we know result in student progress and growth."

In his article submitted to the Times Union, Mujica referred to hopes that the federal government would provide coronavirus relief aid that could be applied to schools. "We all need to work together to fight for the federal assistance we deserve," Mujica wrote.

He added: "If the federal government forces us to reduce spending, we'll protect high-need districts from the impact as much as possible."

- "That is good news," said Aaron Bochniak, interim superintendent in Schenectady City School District, which recently laid off 400 staff members. It is dependent on the state for 69% of its funding.
- "It's exciting news," said Kaweeda Adams, superintendent of the Albany City School District, which has notified 222 employees that they will be laid off. State aid accounts for 45% of its budget.
- Superintendents countered that if they had taken a wait-and-see attitude, that could have led to twice as many layoffs, if aid was not restored and made whole. "In their own document that they published in mid-August, they said it's 20 percent, but it could be more," Bochniak noted. "And even though it's temporary now, it could be converted to permanent."

2020-2021 Potential State Aid Withholdings or Reductions: **Discussed on 8/31**

April	September					
2019-2020	2019-2020	2019-2020 NYS school aid withheld				
-\$125,879	-\$302,395					
	September	Oct. - Dec.	Jan - March	April - June	July - Sept.	TOTALS
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
State Aid Reductions	-\$761,172	-\$452,363	-\$1,601,061	-\$1,870,150	-\$470,543	-\$5,583,565
Cumulative	-\$1,189,446	-\$1,641,811	-\$3,242,872	-\$5,113,022	-\$5,583,565	

8/31/2020 - 2020-2021 school aid of \$761,172 was projected to be withheld, leaving cumulative withholdings of 2019-2020 and 2020-2021 aid at -\$1,189,446.

2020-2021 Potential State Aid Withholdings or Reductions **IF SEPTEMBER 2020-2021 AID IS NOT WITHHELD**

April	September					
2019-2020	2019-2020					
-\$125,879	-\$302,395					
	September	Oct. - Dec.	Jan - March	April - June	July - Sept.	TOTALS
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
State Aid Reductions	-\$0	-\$452,363	-\$1,601,061	-\$1,870,150	-\$470,543	-\$4,822,391
Cumulative	-\$428,274	-\$880,637	-\$2,481,698	-\$4,351,848	-\$4,822,391	

9/17/2020: 2020-2021 school aid of **\$761,172** would not be withheld, leaving cumulative withholdings (as of 9/17) of 2019-2020 NYS school aid at **-\$428,274**.

AS OF AUGUST 31, 2020

Maine Endwell CSD 20-21 20% Aid Withholding Analysis						
	August	September	October	November	December	Total
General Aid						
Amount Expected		\$ 114,285.00			\$ 852,707.50	\$ 12,961,580.00
20% Withholding		\$ (22,857.00)			\$ (170,541.50)	\$ (2,592,316.00)
Excess Cost Aid						
Amount Expected	\$ 629,395.25				\$ 1,138,886.75	\$ 5,403,634.25
20% Withholding	\$ (125,879.05)				\$ (227,777.35)	\$ (1,080,726.85)
Instructional Materials Aid						
Amount Expected		\$ 37,105.25				\$ 252,113.00
20% Withholding		\$ (7,421.00)				\$ (50,422.55)
BOCES Aid						
Amount Expected		\$ 1,511,979.00				\$ 4,735,740.00
20% Withholding		\$ (302,395.80)				\$ (947,148.00)
Lottery/VLT/Gaming						
Amount Expected		\$ 3,654,472.50		\$ 135,110.70	\$ 135,110.70	\$ 4,484,754.00
20% Withholding		\$ (730,894.00)		\$ (27,022.14)	\$ (27,022.14)	\$ (896,950.30)
Tuition Aid						
Amount Expected						\$ 80,000.00
20% Withholding						\$ (16,000.00)
Homeless Aid						
Amount Expected						\$ 45,000.00
20% Withholding						\$ -
Total Aid	\$ 629,395.25	\$ 5,317,841.75	\$ -	\$ 135,110.70	\$ 2,126,704.95	\$ 27,962,821.25
Total 20% Withholding	\$ (125,879.05)	\$ (1,063,567.80)	\$ -	\$ (27,022.14)	\$ (425,340.99)	\$ (5,583,563.70)
Net Payment	\$ 503,516.20	\$ 4,254,273.95	\$ -	\$ 108,088.56	\$ 1,701,363.96	\$ 22,379,257.55

IF SEPTEMBER 2020-2021 AID IS NOT WITHHELD THRU 12/31/2020

Maine Endwell CSD 20-21						
20% Aid Withholding Analysis						
	August	September	October	November	December	Total
General Aid						
Amount Expected		\$ 114,285.00			\$ 852,707.50	\$ 12,961,580.00
20% Withholding		\$ -			\$ (170,541.50)	\$ (2,569,459.00)
Excess Cost Aid						
Amount Expected	\$ 629,395.25				\$ 1,138,886.75	\$ 5,403,634.25
20% Withholding	\$ (125,879.05)				\$ (227,777.35)	\$ (1,080,726.85)
Instructional Materials Aid						
Amount Expected		\$ 37,105.25				\$ 252,113.00
20% Withholding		\$ -				\$ (43,001.55)
BOCES Aid						
Amount Expected		\$ 1,511,979.00				\$ 4,735,740.00
20% Withholding		\$ (302,395.80)				\$ (947,148.00)
Lottery/VLT/Gaming						
Amount Expected		\$ 3,654,472.50		\$ 135,110.70	\$ 135,110.70	\$ 4,484,754.00
20% Withholding		\$ -		\$ (27,022.14)	\$ (27,022.14)	\$ (166,056.30)
Tuition Aid						
Amount Expected						\$ 80,000.00
20% Withholding						\$ (16,000.00)
Homeless Aid						
Amount Expected						\$ 45,000.00
20% Withholding						\$ -
Total Aid	\$ 629,395.25	\$ 5,317,841.75	\$ -	\$ 135,110.70	\$ 2,126,704.95	\$ 27,962,821.25
Total 20% Withholding	\$ (125,879.05)	\$ (302,395.80)	\$ -	\$ (27,022.14)	\$ (425,340.99)	\$ (4,822,391.70)
Net Payment	\$ 503,516.20	\$ 5,015,445.95	\$ -	\$ 108,088.56	\$ 1,701,363.96	\$ 23,140,429.55

CONSIDERATIONS:

1. As of 9/17/2020 – NYS has withheld **-\$428,274** state aid from the 2019-2020 school year.
2. Expecting another **-\$27,022** by the end of November for a total withholding of **-\$456,296**
3. By **December 31st**, another potential withholding of **-\$425,340** possible for a six month total of **-\$881,636**.

Why is this significant?

1. If September NYS school aid is not withheld, the District has sufficient reserves to cover reduction in aid through December 31.
2. This relieves need for immediate action in October including significant furloughing of staff and / or use of reserves and fund balance.
3. Provides additional time for policymakers – both NYS and federal - to determine fiscal options for schools and local municipalities.
4. Provides the District with additional time to determine a precise course of action.

Potential Scenarios:

- New York State **withholds** School Aid up to 20% with no timeline for restoration. *NOTE: September 2020-2021 school aid will not be withheld.*
- New York State **reduces** School Aid up to 20%.
NOTE: Will require Legislative action.
- Federal Aid approved for NYS schools, offsets all or partial loss of NYS school aid but timeline for receiving funds is unknown.
- Federal Aid is not received by NYS schools.

Potential Decisions:

- Use existing reserve funds to back fill NYS school aid withholdings for a specified period of time.
- Make reductions to expenditures for 2020-2021 school year to correspond with loss of NYS school aid.

Potential Decisions: Timeline

- October 1, 2020 Board of Education Meeting
 - Review of reserve and fund balance to address known and potential state aid withheld **beyond December 31.**
- October 15th, 2020 Board of Education Meeting
 - Assess financial scenarios including NYS school aid and Federal aid implications for the remainder of the 2020-2021 school year.
- October 29th, November 12th, and December 3rd, 2020 Board of Education Meeting
 - Determine financial actions needed for decision-making and notifications.

October 1:

- Kathy Blackman (BOCES CBO Comptroller) will update District on NYS school aid and budget information.
- Waiting for confirmation on restoration of September 2020-2021 school aid. If September 2020-2021 school aid is not withheld, cumulative aid withheld will only be **-\$428,274**.
- If September 2020-2021 school aid is not withheld, known Reserve and Fund Balance use of \$956,000 can cover loss of aid through December 31.

Considerations beyond December 31

1. Will NYS school aid be withheld beyond September, how much and for how long?
2. Will schools and / or NYS receive federal aid, how much and when can it be expected?
3. What contingency plan will the District need if NYS school aid is withheld or reduced permanently for the remainder of 2020-2021?
4. How long can we wait before decisions must be made?