



WYANDANCH UNION FREE SCHOOL DISTRICT

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April 16, 2021

To: Board of Education

From: Al Chase

Subject: 2021-22 Proposed Budget - Revision

On April 1st, I had provided The Wyandanch Board of Education (“Board”) with my analysis and endorsement of the proposed budget for the 2021-2022 school year. At the time of that writing, the New York State budget had not yet been finalized and total state aid estimates and Federal stimulus amounts were not known. Last week, those figures were finalized, resulting in a changed budget picture for next year.

In summary, the enacted State budget provides the District with an additional \$3.8 million in aid for the forthcoming year above the levels used in the originally-proposed budget. This is comprised of a \$983,000 increase included on the initial aid runs, as well as a \$2.8 million correction in Transportation Aid, which I discussed with the Board of Education earlier this week.

The addition of these funds permitted the Administration to add a number of critically-needed positions and services which should greatly improve instructional services to the Wyandanch student body.

The result of these changes brings the 2021-22 proposed budget to \$79,906,909.

I have reviewed the details of these changes with Dr. Talbert, members of the administrative cabinet, and the Business Office. I am supportive of these changes, believe the expenses allocated to each to be proper and balanced, and strongly feel that the additional staffing and other changes contained therein to be in the best educational interests of the Wyandanch students and community.

The balance of this memorandum, with the exception of the individual budget figures and aid categories, remains consistent with my initial writing as of April 1st.

The proposed budget and subsequent revisions, were constructed by the Business Office, with extensive input by both the Superintendent's Cabinet and the building principals. I worked closely with Dr. Talbert, Mr. Somaiah, Ms. Ware and members of the administrative team in its development, which began with meetings held as far back as October 2020.

Budget Findings

I find the revised budget to be balanced, in the context of reasonable revenue and expenditure estimates, and to be sufficient to operate mandated programs. Revenues are based on trend data, and State Aid is assumed at the level of the enacted budget from earlier this month. Other projected revenues appear to be appropriately stated, given anticipated economic conditions.

Projected expenditures, particularly salaries, have been appropriately stated. In determining salaries, I worked very closely with the Office of Human Resources to ensure that staff were correctly placed within the proper budget lines, and that the salary levels for all individuals were accurate for the coming year. You may recall that at our October 17, 2020 financial workshop, we discussed a strategy for salary increases for those staff who would be without a contract in the 2021-22 school year. I have been assured by Dan Somaiah that adequate amounts have been budgeted to cover increases that align with the Board of Education's parameters stated at that time. Because teaching staff will be working under contract for the 2021-22 school year, the amount of uncertainty regarding salary costs for staff next school year is not large and has been appropriately accounted for in expenditure estimates. The additional salaries added to the revised budget earlier this week are also appropriately stated, and are inclusive of associated benefit costs.

Last fall, when I developed the Long-Range Financial Improvement Plan that was required by Chapter 18, I estimated a budget for the coming year of \$74.4 million, which would have necessitated a \$500,000 reduction in expenditures in order to be balanced, assuming a 2% increase in the tax levy. That would have resulted in a net budget of \$73.9 million. My estimate at that time did not anticipate the sewer reconstruction project as an expense to the District. When adjusted for the sewer project, which is funded through an allocation from the 2019-20 fund balance, my November estimate would be adjusted to \$74.49 million, net of required reductions. Due to an increased level of State Aid, services have been substantially increased across the board, and the revised proposed budget is now \$79.9 million. As a result of that dramatic change, I intend to revise the Long-Range Plan in the fall, using the updated 2021-22 school year budget as the base for future increases.

While the State's tax cap is 1.23%, representing 120% of the inflation rate from the prior year, certain factors contained in the tax cap formula effectively result in different tax caps for individual school districts. For Wyandanch UFSD, the computed tax cap is 1.37%, allowing the District to increase taxes by approximately \$309,000, while not piercing the cap. The revised budget does not change that amount.

Although the budget for 2021-22 is balanced and appears to make provisions for all current operations, it will need to be monitored closely to ensure that the District stays within its spending plan. It is also important that the Business Office document and report in a timely manner to the Board any changes in revenues or expenses so that necessary adjustments may be made as soon as possible.

Issues Beyond 2021-22

I must caution the Board that although the proposed budget appears to be balanced in all aspects, the fiscal outlook for years beyond 2021-22 remains uncertain. The District cannot, from a financial viewpoint, continue to support in-house security operations at a level where salaries and benefits are approaching \$100,000 per staff member without incurring an adverse impact on the instructional program. The recently-completed demographic study, while pointing to a stable student population over the next several years, shows that there will be an increase in high school aged students, offset largely by a reduction in elementary school aged children during this period. The net effect is likely to be an increase in expenditures for teaching staff and other resources. The District will need to budget for these additional costs. Finally, the Board must consider that unaccompanied minors coming to the United States will likely have some impact on the District in the next few years.

While the American Rescue Plan Act ('ARPA') provides an immediate windfall to Wyandanch UFSD, the Board and administration will need to be judicious in its use, and realize that this money will no longer be available for obligation beyond September 2024. The District will need to ensure that its designated use of these funds does not create obligations which extend beyond that time period. The District must act in a manner so that it does not face a 'funding cliff' starting in the 2024-25 school year, where monies are no longer available to continue to fund obligations created through ARPA.

I strongly encourage the Board and administration to begin planning as quickly as possible for these trends, which I expect to reflect next fall in my annual update to the long-range fiscal. Because I find that the 2021-22 school year proposed budget for the Wyandanch UFSD is balanced within the context of revenue and expense estimates and mandated programs and is consistent with the District's approved financial plan, I am submitting no recommendations to the Commissioner of Education pertaining to the budget at this time.

I want to thank everyone in the District administration for their assistance and cooperation during the budget development process.

I look forward to discussing the budget with you, and am available to address any questions or concerns that may arise.

C: Dr. Gina Talbert
Dan Somaiah
Winsome Ware

Dr. Betty Rosa
Dr. Kim Wilkins