



East Ramapo Central School District:

Five-Year Fiscal Plan

March 2021 Revisions

Confidential and Working Document

Submitted to the New York State Education Department

Dr. Ray Giamartino, Jr.
Interim Superintendent of Schools

March 17, 2021



Feedback Provided & Status

Expand the analysis to provide more detail to support the five-year budget projections. With the exception of Attachment I, no information in the document provides analysis that goes beyond the 2021-22 school year, except in terms of projecting past trends linearly into the future. In addition, some of the text in Attachment I has been truncated, making it difficult to interpret.

Certain key assumptions in the document are unclear. For example, it is unclear whether public school and nonpublic school enrollment projections used in Attachment I are based on Assumption Six, which specify an annual increase of 1.5% in public school enrollment and 4.75% in nonpublic school enrollment. We ask that you make explicit the basis for each of the revenues and expenditures listed in the five-year budget projections.

Please see Feedback Statement.

There are some changes that should be made to the submitted document: Table I shows a projected year end surplus of nearly \$6 million. This table, and all those that are derived from it, need to be updated.

Please see Feedback Statement.

Tables 2-6 should be relabeled to make clear the years to which the numbers in the columns refer.

Complete

The last column in Table 8 should be relabeled to make clear that the percentages are based on Title I enrollment.

This change was made, but the table was Table 9.

References on page 29 to specific New York State Education Department staff should be removed.

Complete.



More information is needed regarding the impact of a flat local levy and growing projected transportation expenses in relation to the 85.30% aid ratio. If a flat local levy must support growing transportation expenses, does this not require instructional programs to be reduced by whatever portion of the projected increases in transportation expenditures that state aid increases would not reimburse? We would expect a trend along these lines, with discussion of the efficiencies to be sought in the transportation program and in other areas to mitigate the impact.

We recognize the challenge of developing the long-term strategic plan in light of the additional information you now have regarding the fiscal circumstances of the District, and the extraordinary effort you have been making to address the fiscal issues of the District. But in order to recommend that the Commissioner approve the plans, we need to be confident that the projections of revenues and expenditures reflect the best, most current information and that the academic plan can be supported by the resources that will be available to the District.

Feedback Statement

The team working to address the budget issues appreciates the recognition of the work being done. This team has been and will continue to be completely transparent. In the spirit of transparency, the team is learning that the situation in East Ramapo is far worse than anticipated, including poor budgeting practices and forecasting practices, include the following issues.

- There is been a complete lack of historical trend data to use as a basis for year-to-year budgeting. The team has been building tables of all of this trend data, some of which can be seen in Appendix 2.
- It has been a common practice for executive and director-level personnel to have no experience with, control over, or understanding of their own budgets. This is changing, and the appropriate persons are taking over the development of the budgets for which they are responsible. As part of this process, most budgets are being completely re-created. Such is to the extent that for the first time in multiple consecutive years, all Central Office Leaders were provided explicit access to their department budgets. Further, such provision of year-to-year Department Budgets have been reviewed under the auspices of the 2021-2022 Fiscal Budget development process. In doing so, the Interim Superintendent, Interim School Business Official, and Interim Executive Director of Grants and Program Accountability led a Budget Development Professional Learning Series in both 1:1 and whole Executive Cabinet sessions. By re-framing both the budget development process and utilizing historic expenditure trend data to do so will result in an overall balanced budget more explicitly aligned with revenues and needed/planned expenditures.



- It has been a common practice to over-appropriate some budget codes only to transfer money out of those budget codes within the first few months of the fiscal year. This appears to have been a common practice in Function Code 1621: Maintenance of Plant. A few examples are show in Table i: Over Budgeting Examples. The team is still sorting out this practice, including where all of these budget transfers have been going.

Table i:
 Over Budgeting Examples

Object Code	July 1, 2020 Appropriation	First Transfer Appropriation	First Transfer Appropriation Date
459 Automotive Supplies	\$35,000	-\$16,000	July 22, 2020
405 Plumbing & Septic Service	\$60,000	-\$45,000	August 22, 2020
457 Painting Supplies	\$20,000	-\$11,000	September 21, 2020

- It has also been a common practice to dramatically underfund other budget codes despite actual expenditures from proceeding years (without putting any internal controls in place to stop spending beyond the appropriated budget). Among other budget codes, this appears to have been a common practice in Function Code 5540: Contract Transportation. Examples are provided in Table ii: Under Budgeting Examples.



Table ii:
Under Budgeting Examples

Object Code	FY 2018-2019 Actual Expenditure	FY 2020 – 2021 Proposed Budget
436 Athletic Transportation	\$256,264	\$153,000
337 Special Programs	\$42,351	\$25,500
440 Field Trips	\$52,763	\$24,480

- It has been a common practice to pay expenses with inappropriate budget codes, and there are too many examples of this practice to provide in this report.

As a result of the findings described above, a small team is working with each content-area director to build an entirely-new budget for the East Ramapo Central School District. This process includes – among other things – teaching about zero-based budgeting; creating entirely new and more appropriate budget codes; examining previous actual expenditures; looking at examples from other school districts; creating new processes, procedures, and internal controls to prevent this situation from occurring in the future.

It is an extremely consuming process, and it is the goal of the team working on this project to go well above and beyond the requested information the New York State Education Department seeks. At this time, many of the budgeting and forecasting questions are still being answered.



Budget Estimates

The table below shows the East Ramapo Central School District budget appropriations, expenditures, encumbrance outstanding and balance for the fiscal year ended June 30, 2020 and the fiscal year ending June 30, 2021. The audit report authored by RS Abrams & Co, LLP, East Ramapo Central School District Financial Statements and Supplementary Information with Independent Auditor's Report for the Fiscal Year Ended June 30, 2020, states that the East Ramapo Central School District had a General Fund Balance subject to Section 1318 of Real Property Tax Law of \$13,633,216 (p. 65); this exceeds the maximum allowed 4% of the 2020-2021 budget by \$3,763,422¹. For current year detail, please see Attachment I: Current Budget Status Report as of January 21, 2021.

The current status of the budget for the FY Ending June 30, 2021 and the ending balances of the budget for the FY Ending June 30, 2020 are show in Table I: Budget Estimates. The current appropriation for the FY Ending June 30, 2020 is \$250,444,429, and based on current revenue budget projections the East Ramapo Central School District will face a budget shortfall of \$24,846,150. Steps are being taken by the district to address this budget shortfall, and these steps are address in this document.

Table 1
 Budget Estimates

	Current Appropriation	Current Expenditures	Encumbrance Outstanding	Balance
FY Ended June 30, 2020	\$244,847,707	\$233,948,053	\$699,576	\$10,200,078
FY Ending June 30, 2021 as of January 21, 2021	\$250,444,429	\$106,618,293	\$137,9015,815	\$5,814,406

¹ The maximum allowed 4% of the 2020-2021 budget is \$9,869,794.



The FY2020-2021 East Ramapo Central School District budget is based on revenues to the general fund totaling \$200,367,173 from the following sources shown in Table II: General Fund Revenue (itemized in subsequent tables).

Table 2
 General Fund Revenue: 2020 - 2021

Revenue Source	Amount
Tax Revenue	\$ 152,948,500
Other Revenue	517,249
New York State Aid	46,901,424
Total 2020-2021 Revenue	<u>\$ 200,367,173</u>

Table 3
 Tax Levy Revenue: 2020 - 2021

Revenue Source	Amount
Real Property Tax	\$ 145,522,745
STAR Payment	8,967,571
Payments in Lieu of Taxes	117,282
Subtotal – Tax Revenue	<u>\$ 154,607,598</u>

Real Property Tax	\$ 145,522,745
STAR Payment	\$ 8,967,571



Table 4
Other Revenue: 2020 - 2021

Revenue Source	Amount
Day School Tuition-Other Districts	\$ 61,568
Health Services - Other Districts	55,070
Interest and Earnings	67,198
Rental and Real Property	19,039
Refund Prior Period Expenses	74,681
Workers Compensation Reimburse	57,008
Misc. Revenues	182,685
Medicaid Reimbursement	129,668
Subtotal – Other Revenue	<u>\$ 646,917</u>



Table 5
 General Fund Revenue Budget: New York State: 2020 - 2021

New York State Aid	
Foundation Aid	\$ 38,763,798
Public Excess Cost Set-Aside	\$ (7,185,449)
Deduct for Local Share	\$ (335,255)
<i>Subtotal -- Current Year Aid</i>	<u>\$ 31,243,094</u>
 General Aid	
High Tax Aid	\$ 729,146
Regular Building Aid	\$ 992,446
Transportation Aid	\$ 21,181,297
<i>Subtotal -- Total Calculated Gen Aid</i>	<u>\$ 22,902,889</u>
 Pandemic Adjustment	
Pandemic Adjustment	\$ (22,250,529)
<i>Subtotal -- Pandemic Adjustment</i>	<u>\$ (22,250,529)</u>
 Excess Cost Aid	
Public Excess Cost Set-Aside	\$ 7,185,449
Public Excess Cost Aid	\$ 7,158
Private Excess Cost Aid	\$ 726,677
<i>Subtotal -- Total Excess Cost Aid</i>	<u>\$ 7,919,284</u>



Instructional Aid

Textbook Aid	\$	2,225,733
Computer Software Aid	\$	571,398
Library Materials Aid	\$	87,737
Computer Hardware Aid	\$	308,311
UPK Grant	\$	5,759,385
Charter School Supplement	\$	1,844
BOCES Aid	\$	3,891,663
	<i>Subtotal -- Instructional Aid</i>	<i>\$ <u>12,846,071</u></i>
	<i>Subtotal - New York State Aid</i>	<i>\$ <u>52,660,809</u></i>
Less: UPK Aid (F Fund)	\$	5,759,385
	<i><u>Net General Fund NYS Aid</u></i>	<i><u><u>46,901,424</u></u></i>



Table 6
 Restricted Revenue Budget: 2020 - 2021

Revenue Source	Amount
CARES Act Funding	\$ 22,250,529
Title I - Part A	20,234,704
IDEA-Part B	6,457,864
IDEA-Part B	128,987
Title IIA	2,289,169
Title III	82,815
Title IV	1,577,199
Title IIIA, ELL	3,185,499
Teacher Centers	91,026
Early College High School	200,000
My Brother's Keeper	11,900
Extended Learning Time	1,050,583
Smart Schools Investment Plan	545,935
Early College High School ²	120,000
My Brother's Keeper ³	212,293

² Budget Period Closeout is 8/31/21

³ Budget Period Closeout is 4/30/21



My Brother's Keeper ⁴	31,553
Subtotal – Restricted Revenue	<u>\$ 58,470,056</u>

Assumptions

Assumption 1: Unsettled Contracts

Budget salary adjustments are forecast using a 1.3% cost-of-living adjustment.

Assumption 2: Staffing Levels

Changes to staffing levels in the East Ramapo Central School District are the result of (1) A project currently underway to increase personnel efficiencies for the remainder of the 2020-2021 academic year while having no negative impact on student learning and (2) A new, decentralized budgeting process that gives departments more control over the budgets, which may have an impact on staffing levels in the 2021-2022 academic year.

Increasing Personnel Efficiencies 2020-2021

At the time of this submission, the district is seeking ways to increase personnel efficiencies for the current fiscal and academic year. This project is being undertaken by the executive leadership team in partnership with school building principals. The goal of the *Increasing Personnel Efficiencies 2020-2021* project is to reduce the expense budget for the 2020-2021 fiscal year by aligning personnel (positions) to student programmatic and overall registrant needs, thus resulting in balanced teacher-student ratios while increasing personnel efficiencies while having no negative impact on student learning. The timeline for this project is below (Table III Increasing Personnel Efficiencies 2020-2021 Timeline).

⁴ Budget Period Closeout is 4/30/21



Table 7
 Increasing Personnel Efficiencies 2020-2021 Timeline

Date	Task
Monday, January 11, 2021	Held Team Workshop on Developing 2021-2022 District Budget
Tuesday, January 19, 2021	Held Executive Cabinet Meeting-Budget Review and Development Workshop
Tuesday, January 19, 2021	<u>Presented to the Board of Education</u> Presentation of the collective impact of beginning 2021-2022 with a deficit.
Monday, February 1, 2021	Held Executive Cabinet Meeting-Team Budget Review and Development Workshop
Monday, February 1, 2021	<u>Presented to Executive Cabinet</u> True-Up Process Presentation by Instructional Leadership Team <ul style="list-style-type: none"> • Building-by-building point-in-time reductions Action Plan/Order of Operations • Communication to Principals • Timeline
Wednesday, January 27, 2021 to Tuesday, February 2, 2021	<u>Held 2020-2021 Team Personnel Efficiency Review Sessions</u> Executive Cabinet met as individual departments/offices and collectively to brainstorm budget efficiency strategies.
Tuesday, February 2, 2021	<u>Presented to the Board of Education</u> Presentation of the 2020-2021 Budget Efficiency Planning.
Wednesday, January 27, 2021 to Friday, February 5, 2021	<u>Held 2020-2021 Team Personnel Efficiency Review Sessions</u> Instructional Team collectively met with each building principal to review current instructional schedules focusing on personnel efficiencies. Provided consistent thinking around the parameters used to evaluate registrants in course sections and make determinations. <ul style="list-style-type: none"> • 2020-2021 Team Budget Reduction Meeting • 2020-2021 Team Personnel Efficiencies Review Session (Budget Reduction Strategy) • 2020-2021 Personnel Efficiencies: Principal Support Meetings
Wednesday, February 3, 2021 to Thursday, February 4, 2021	<u>Finalized Personnel Efficiencies from Principals</u> Members of the Executive Leadership Team met for a second time with school Principals on Wednesday (2/3) and Thursday (2/4) to finalize efficiencies based on positions and



	<p>scheduling that are opportunities within their school building.</p> <ul style="list-style-type: none"> • 2020-2021 Team Personnel Efficiencies: FTE Opportunity Totals
Tuesday, February 9, 2021	<p><u>Communicated FTE Pairings to Principal</u> Communicated core and encore areas that require less than a full-time equivalent in a memo to Principals.</p>
Tuesday, February 9, 2021	<p><u>Aligned Personnel Efficiencies with Names</u> Once the building Principals finalized the efficiencies in their buildings, the Personnel Department determined which teachers are impacted by these proposed changes.</p>
Wednesday, February 10, 2021	<p><u>Submit Written Analysis for Superintendent</u> With the names of the teachers impacted by the proposed changes, members of the Executive Leadership Team will author a written analysis of the financial impact of these changes on the district budget, including the impact of layoff <i>versus</i> furlough.</p>
Thursday, February 11, 2021	<p><u>Meet with Principals</u> Communicate purpose and process to direct supervisors.</p>
Friday February 12, 2021	<p><u>Deliver Letters to Impacted Employees</u> Direct supervisors to deliver letter informing impacted employees of the anticipated reduction in 30 days.</p>
Wednesday, February 17, 2021 to Friday, February 26, 2021	<p><u>Modify Student Schedules</u> Building administrators modify schedules based on FTE personnel efficiencies and FTE-sharing between buildings. Modifications reflected in eSchool.</p> <p><u>Make Changes to e-school and Transportation</u> MIS make necessary changes in eSchool (e.g., cohort assignment) and transportation logistics will occur</p>
Wednesday, February 17, 2021 to Friday, March 5, 2021	<p><u>Meet with Impacted Personnel</u> Personnel will schedule and meet with impacted personnel regarding their status.</p>
Monday, February 22, 2021 (anticipated)	<p><u>Present to the Board of Education</u> The proposed plan and impact will be presented to the Board of Education at the Board of Education meeting.</p>
Wednesday, March 3, 2021	<p><u>Mail Information to Families</u> Information about the impact of these changes on each student will be mailed to each family.</p> <p>Modified student schedules sent by mail. Remind notifications of change in student schedules sent to impacted families.</p>



Monday, March 15, 2021	<u>Full Implementation Date</u> The proposed changes that are a result of the project will begin on Monday, March 15, 2021.
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New Budgeting Process

A new, decentralized budgeting process that gives departments more control over the budgets, which may have an impact on staffing levels in the 2021-2022 academic year. This is a new budgeting process for the members of the executive leadership team. The budgeting process uses the exact budget codes from the New York State Education Department FS-10 Budget Form (Please see Attachment 1: Department Budget Planning Document). The process is also directly connected to the Long-Term Academic Strategic Plan; the rationale for every expenditure must be based on at least one of the district’s five strategic priority goals.

- Goal 1: Success in the Early Years
Every student will demonstrate social, emotional, and academic readiness to meet or exceed grade-level standards by the end of second grade.
- Goal 2: Healthy, Safe, Supported, Engaged, and Challenged
Every student will be challenged, in a safe learning environment, to be a productive and engaged citizen capable of meeting high expectations.
- Goal 3: Motivated, Confident, Empowered Critical Thinkers
Every student will demonstrate ownership of his/her education and be fully engaged in becoming critical, creative-thinking goal-setters.
- Goal 4: Mastery of Academic Subjects and the Arts
Every student will meet or exceed standards in all subjects, including the arts, at the end of key transition grades.
- Goal 5: High School Graduation and Readiness for College and Careers
Every student will graduate from high school prepared for college, career, and post-secondary experiences.



Assumption 3: Rates and Trends

For forecasting and budgeting purposes, the East Ramapo Central School District budget plan uses the rates provided in Appendix 2: Budget Rate Trends. When possible, rates are based on the actual expenditures.

- Rate
 - FICA
 - New York State Teachers Retirement
 - New York State Employees Retirement
 - Workers Compensation Insurance
 - Unemployment Insurance
 - Indirect Costs

- Cost
 - Health Insurance
 - Dental Insurance
 - Stipend (for not taking health insurance)
 - Pending Open Collective Bargaining Agreements
 - Pending Transportation Contracts.

- Aid Ratio
 - Transportation Aid Ratio
 - BOCES Operational Aid
 - Hardware & Technology Aid Ratio

Assumption 4: Fund Balance and Reserve

The audit report East Ramapo Central School District Financial Statements and Supplementary Information with Independent Auditor's Report authored by RS Abrams & Co, LLP states that the East Ramapo Central School District had a General Fund Balance of \$8,486,745 for the fiscal year that ended June 30, 2019 (p. 64) and \$13,633,216 for the Fiscal Year Ended June 30, 2020 (p. 65).

For the 2020-2021 fiscal year, the Fund Balance and reserve are unknown at this time pending further information about New York State aid.



Assumption 5: New Expense or Revenue Categories

The East Ramapo Central School District has not made it a practice to use or account for indirect costs from grants, and this practice is changing. This will add an Indirect Cost expense category to the restricted budget account codes, and an Indirect Cost revenue category to the general fund. The proper calculation and accounting of indirect costs is particularly important in East Ramapo because of the large number and percentage of students enrolled in non-public schools; as seen below in Table II: Academic Year 2019-2020 Public vs. Nonpublic Student Enrollment, the district is in a unique position of having more students in nonpublic schools than public schools.

This enrollment ratio is the same ratio used to calculate funding provided from Title funding and other aid from the New York State Education Department (e.g. CARES Act). The East Ramapo Central School District is responsible for fiscal oversight and provides additional services to nonpublic schools, such as transportation⁵ and purchasing instructional materials and supplies. In the current fiscal year (FY2020-2021), the district will be completing FS-10A budget forms to properly calculate and recover indirect costs; preliminary calculations suggest this recovery is ~\$263,202 in new, unrestricted revenue for the district.

Assumption 6: Enrollment Figures

Enrollment figures are based on current year data and anticipated graduation/kindergarten classes of 2020-21 and 2021-22. Future enrollment is based on the five-year trend of steady 1.5% enrollment growth per year.

⁵The restricted indirect cost rate is not part of the transportation aid algorithm. However, it does not appear the district has been taking full advantage of the aid available by not including percentages of effort for positions partially responsible for supporting the transportation department (e.g. purchasing, personnel, accounting, and *et cetera*.)



Table 8
 Average Annual Enrollment Growth Rate

	2018-2019	2019-2020	2020-2021
K-12 Enrollment	8472	9085	9235
Enrollment Growth (n)		613	763
Enrollment Growth (%)		1.45%	1.50%
English Language Learners (n)	3362	3641	3926
Enrollment Growth (%)		7.24%	9.01%

Table 9
 Academic Year 2019-2020 Public vs. Nonpublic Student Enrollment

	Student Enrollment (n)	Title I Enrollment (n)	Percentage of Title I Enrollment
Public	9,320	7,920	29.0%
Nonpublic	28,557	19,551	71.0%
Total	<u>37,877</u>	<u>27,471</u>	<u>100%</u>



The average increase in non-public student enrollment is 4.75% since the 2016-2017 academic year, and the East Ramapo Central School District is working under the assumption that this trend will continue.

Table 10
 Non-Public Student Enrollment Trends

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Enrollment	22,759	23,803	25,070	27,433	27,679	28,557
Increase (n)	1,044	1,267	2,363	246	980	1,180
Increase (%)		4.59%	5.32%	9.43%	0.90%	3.54%

Assumption 7: Override the Property Tax Cap Limit

The East Ramapo Central School District is not seeking to override the 1.23% annual increase property tax cap limit.

Board of Education Policies

The following East Ramapo Central School District Board of Education Policies are attached in Attachment III: East Ramapo Central School District Board Policies for review.

- 0210 School District Goals
- 1800 Donations, Gifts, and Grants to the District
- 2000 Board Operational Goals
- 2200 Organization – Board of Education
- 4000 Instructional Goals
- 6000 Fiscal Management Goals
- 6100 Budget Planning
- 6112 Budget Process
- 6140 Budget Implementation
- 6600 Fiscal Accounting and Reporting
- 6230 Competitive Funding
- 6255 Gifts and Grants
- 6240 Investments and Deposits



These Board of Education policies are currently being reviewed, and suggested changes will be presented to the newly-elected Board of Education prior to the end of the current fiscal year. Suggested changes include the following examples.

Board Policy 6230: Competitive Funding states:

“The Board of Education encourages the Superintendent of Schools or designee to apply for any appropriate competitive funding for which the school district may be eligible and to *report such application to the Board of Education.*” – Date Adopted: 5/16/06

However, Board Policy 1800: Donations, Gifts, and Grants to the District states:

“Grant applications for funding of more than \$100,000, with the exception of on-going Federal Title and IDEA grants and New York State UPK and other grants, *require prior approval by the Board of Education.*” – Date Adopted 9/02/03, Amended 5/03/16 and 3/03/20

These two board policies do not cross reference and contradict. All board policies related to budgeting, accounting, grants, and fundraising will be reviewed and recommendations to the Board of Education will be made prior to the end of the current fiscal year.

Budget Examples

Please see Attachment I: East Ramapo Central School District Budget Plans.

Corrective Action Plans

The East Ramapo Central School District is operating under three Corrective Action Plans (CAPs) as directed by a New York State Education Department:

- Transportation;
- Physical Education; and,
- Textbooks.

All budget forecasts include the necessary resources to address each of these corrective action plans.



Debt Service, Capital Projects, Buildings and Building Aid

Debt Level: 2021-2022

The debt level for the East Ramapo Central School District is expected to remain level expenditure at \$5.3MM, or 2.1% of the expense budget.

Capital Work Planned

There is no capital work planned for 2020-2021 or 2021-2022 that will require local funds.

Building Projects: 2021-22

A critical upgrade to kitchen hoods is planned. New York State aid is anticipated at \$1,000,000, which the district will realized in FY 2022-2023

Buildings: 2021-22

The East Ramapo Central School District will not be re-purposing any buildings in 2021-22 or opening/re-opening/closing any, and there is no plan to sell any buildings.

Employee Benefits

The East Ramapo Central School District uses the benefit rates and premiums shown in Table III Employee Benefits for planning purposes; when it is possible, the district uses actual the actual individual rates⁶. This point of clarification is important because there are 10 different collective bargaining units in the district, and 14 different rates are used to calculate the employee's contribution to health and dental insurance, ranging from 15.27% to 30%. Rates below 20% are not common, so for planning purposes the district uses 20% employee contribution / 80% district contribution.

⁶ These rates can also be seen [Appendix 2: Budget Rate Trends](#).



Table 11
 Employee Benefits

Benefit	2020	2021
FICA	7.75%	
New York State Teachers Retirement	8.86%	9.53%
New York State Employees	24.40%	28.30%
Health Insurance - Full Annual Family Premium	\$28,656	\$29,427
Health Insurance - Full Annual Individual Premium	\$12,384	\$12,898
Workers Compensation Insurance	2.50%	2.50%
Unemployment Insurance	2.50%	2.50%
Stipend for not taking Health Insurance	\$3,000	\$3,000
Dental Insurance	\$587	\$587
Part-time and Stipend Rate	21.61%	22.28%

Changes to Employee Benefits

The East Ramapo Central School District is in the very early stages of exploring voluntary long-term disability insurance. As a voluntary benefit, long-term disability insurance will not result in any incremental cost to the district and is most beneficial to the employees; as a voluntary after-tax benefit, the premium is tax, but if the income protection benefit is needed it will be tax-free income.

Buyouts/Payouts: 2021-22

No buyouts or payouts for certain employees or groups of employees will be made in 2021-22.

Fund Balance and Reserves

What estimates are being used for the use of fund balance and any reserves in 2021-22?

The goal of the East Ramapo Central School District is to achieve the 4% allowable fund reserve by the end of the fiscal year that ends June 30, 2022. The budget for the fiscal year ending June 30, 2022 is currently in development.

Do the projected 6/30/21 balances support the budgeted amounts?

The budget for the fiscal year ending June 30, 2022 is currently in development.



Is the district trying to increase or decrease any reserves or fund balance?

The district is seeking to frame a plan to increase reserves and the overall fund balance to ensure long-term programmatic sustainability, fund district priorities, and establish fiscal solvency.

Does the 2021-22 budget reflect those goals?

As indicated, the 2021-2022 budget is in the development process. For the first time in the recent history of the district, each department lead is working in tandem with the budget office and are further cross-referencing line item expenditures, per department, per budget code, to provide an assurance of monies to be obligated to district goals. Such a practice will further seek to provide an assurance of non-redundancies in spending inclusive of needed supplies and materials, while subsequently increasing personnel-related efficiencies and alignment to and with registrant counts and student-specific programmatic needs.

Legal Expenses

Legal Expenses: Judgements

The East Ramapo Central School District must pay a legal settlement in 2020-2021 in the amount of \$4.2MM.

Legal Expenses: Contracts

In the fiscal year that ended June 30, 2020, the East Ramapo Central School District contracted legal services were \$4,520,756. The appropriation for the fiscal year ending June 30, 2021 is \$2,570,500, with \$1,110,520 year-to-date expenditures. The district will conduct an analysis of this expenditure prior to appropriating funds for the 2021-2022 budget.

Revenues

Real Property Tax Assumptions

For the 2020-2021 fiscal year, the East Ramapo Central School District was on a contingent budget and such assumptions are based on Table 12.



Table 12
 Tax Levy Revenue Trend

Tax Levy Trend	Real Property Tax	STAR	Combined	Dollar Increase
2018-2019	\$138,143,935	\$12,491,219	\$150,635,154	
2019-2020	\$143,836,224	\$10,404,507	\$154,240,731	\$3,605,577
2020-2021	\$145,522,745	\$8,967,571	\$154,490,316	\$3,855,162
2021-2022	\$148,433,200	\$8,029,776	\$156,462,976	\$1,972,660

State Aid Assumptions

At the time of this submission, the East Ramapo Central School District has not developed a 2021-2022 expense budget. The Executive Budget Proposal was recently posted and the district is cautiously optimistic that the aid proposed in the Executive Budget Proposal will be realized for the children in the district.

PILOTS Assumptions

The revenue from PILOTS is expected to remain flat at roughly \$120,000.

Instructional Materials Aid

The East Ramapo Central School District is expected to maximize instructional aid in 2021-22 based on expenses in 2020-21.

Basis for Federal Funding

Basing on current year funding.

Salaries, Staffing and Programs

Contractual Changes

The existing contractual changes have been factored and the district will estimate the financial impact of negotiations underway at the time of this submission.



New Programs in 2021-22

At the time of this submission, no new programs are anticipated that will use resources from the general fund.

Staffing Projections

The district is in the process of conducting a staffing review by grade level, by school, and by course, as applicable. Such projections will be specifically aligned with registrant trends to ensure sustained levels of personnel efficiencies.

Adjustments to General Fund or Federal Funds

Based on an early assessment of both and General and Federal funds, the district initiated a hiring and spending freeze. Further, during the 2020-2021 year, the district ceased all supplemental and/or contract-related services or non-compulsory vendors, outside agents, or consultants.

Changes to services from BOCES

There are no anticipated changes to BOCES services.

Payments to Other School Districts, Charter Schools or Other in 2021-22

At the time of this submission, there are no new payments anticipated.

Positions for 2021-22

A decision will be made based on forthcoming information.

Status of Instructional Contracts

There are currently no instructional contracts.

School Lunch Fund

School Lunch Fund

The general fund has not supported the school lunch fund and expect not to support in the future.

Transportation and Transportation Aid

Buses in 2021-22

The East Ramapo Central School District is not planning to purchase busses in 2021-2022.



New Transportation Contracts

At the time of this submission, the district is in the process of bidding the new transportation contract.

Changes to Transportation Policy or Procedures

At present, the Transportation Policy seemingly over obligates the district to transport public school students beyond the NYSED-determined mileage threshold, while it further commits the district to transporting non-public students in excess of the ability to keep up with related costs and expenditures.

Changes to 2020-21 transportation expenses that will impact 2021-2022 Transportation Aid

The transportation expenses are rising at a faster pace than budgeted.

Status of Transportation Contracts

Bid process underway at the time of this submission.



Budget – General

Expense and Revenue Projections

Table 13
 General Fund Revenue Projections 2021 - 2022

General Fund Revenues	2020 - 2021	Budgeted 2021 - 2022 ⁷	\$ Change	% Change
Real Property Tax	\$145,522,745	\$148,433,200	\$ 2,910,455	2.00%
STAR Payment	8,967,571	8,029,776	(937,795)	-10.46%
COVID-19 Suppl. Stimulus	-	66,418,144	66,418,144	100.00%
Community Schools Set-aside	546,155	546,155	-	0.00%
Software Aid	571,398	602,106	30,708	5.37%
Library Materials Aid	87,737	251,213	163,476	186.33%
Textbook Aid	2,225,733	2,225,674	(59)	0.00%
Hardware & Technology Aid	308,311	356,979	48,668	15.79%
Transportation Aid	30,091,662	30,030,778	(60,884)	-0.20%
<i>Subtotal - General Fund Revenue</i>	<u>\$286,527,927</u>	<u>\$342,259,444</u>	<u>\$55,731,517</u>	19%

⁷ Taken from New York State Education Department: State Aid Information (<http://www.nysed.gov/stateaid/dist/a500402.html>)



Has a list of adjustments been created that would ensure a contingency budget would meet all requirements?

Upon entering the district, the interim superintendent requested contingency budget adjusted expenditures. After exhaustive review, it has been determined that the district previously did not make applicable adjustments or necessary and required reductions in expenditures to meet contingency thresholds. As a result, required spending and hiring freezes were immediately instituted based on the fact that the district did not, in fact, adjust or account for the instituted contingent budget.

Is there any other information relevant to the financial stability and integrity of the district that has not been included/reported in response to the template that needs to be taken into account in determining whether expenditures and revenues are in balance?

As has been identified, after a series of soft audits, it was discovered and subsequently determined that based on a comprehensive review of line-item expenditures and because of unplanned costs, the district's budget will not be able to tolerate susceptibility to numerous budget stressors, including an unplanned contingent budget; costs associated with the COVID-19 pandemic; rising costs of health insurance and other benefits; \$4.3MM in unanticipated judgments; and, previously underfunded budget codes.



Additional Action Steps

Fiscal Plan Update to Academic Plan

Current budgetary numbers are reflected in this document and related supplements. As such, academic determinations were made to ensure the maintenance of high-quality programs, services, and personnel while simultaneously accounting for the current state of the budget. Further, as the 2021-2022 budget development process takes place, again, for the first time in the recent history of the district, each department lead is working in tandem with the budget office and are further cross-referencing line item expenditures, per department, per budget code, to provide an assurance of monies to be obligated to district goals. Such a practice will further seek to provide an assurance of non-redundancies in spending inclusive of needed supplies and materials, while subsequently increasing personnel-related efficiencies and alignment to and with registrant counts and student-specific programmatic needs.



Five-Year Budget Trends

Table 14
 Five Year Budget Trends

Revenue Budget	FY2015-2016	FY2019-2020
All State Aid	\$59,469,291	\$77,653,237
<i>Growth Rate</i>		30.58%
Real property taxes	\$144,954,820	\$150,635,154
<i>Growth Rate</i>		9.66%
Total Revenue	<u>\$210,492,427</u>	<u>\$238,587,813</u>

Expense Budget	FY2015-2016	FY2019-2020
Professional Salaries	\$75,266,129	\$88,507,222
<i>Growth Rate</i>		17.59%
Classified Salaries	\$17,041,254	\$17,585,781
<i>Growth Rate</i>		3.20%
BOCES	\$17,955,976	\$18,482,902
<i>Growth Rate</i>		2.93%
Debt Service	\$4,245,925	\$2,259,178
<i>Growth Rate</i>		-46.79%
Special Ed and Other Tuition	\$8,052,295	\$6,992,669



	<i>Growth Rate</i>	-13.16%
Transportation Contracts	\$26,060,014	\$36,447,447
	<i>Growth Rate</i>	39.86%
Health	\$23,823,653	\$29,647,696
	<i>Growth Rate</i>	24.45%
All Other Benefits	\$23,652,042	\$22,098,597
	<i>Growth Rate</i>	-6.57%
Legal Expenses		\$3,854,175
	<i>Growth Rate</i>	
All other Expenses/ 1% per year	\$14,983,458	\$12,564,443
		-16.14%
TOTAL EXPENSES	<u>\$211,080,746</u>	<u>\$238,440,110</u>

Current State of Economic Circumstances

As has been consistently indicated, the district is in a level of fiscal distress, due in part to what seems to have been years-long under budgeting, overspending, and excess personnel. Again, based on a comprehensive review of line-item expenditures and because of unplanned costs, the district’s budget will not be able to tolerate susceptibility to numerous budget stressors, including an unplanned contingent budget; costs associated with the COVID-19 pandemic; rising costs of health insurance and other benefits; \$4.3MM in unanticipated judgments; and, previously underfunded budget codes.



Grant Funding as Part of the Long-term Strategy

Executive Director of Grants and Program Accountability – The district hired Dr. James Maddison for this newly-created position in the district. Dr. Maddison has over 25 years of experience in grants administration, and has won over \$45MM in competitive grant funding from corporations, foundations, and local, state and federal government agencies. Dr. Maddison’s primary focus will be securing new sources of supplemental revenue for the district, and competitive grant funding will be a key strategy toward this goal.

Indirect Cost Recovery Negotiation – The new focus on competitive grant funding in the district has brought scrutiny of current practices and identifying opportunities to improve. Among the areas of improvement is the districts proper use of the negotiated indirect cost recovery rates. These rates are negotiated with the NYSED, and the district recognizes that there is little that can be done about the restricted rate of 2.7%. However, the East Ramapo Central School District requests support from the New York State Education Department with the upcoming unrestricted rate negotiation. The current unrestricted indirect cost recovery rate is just 7.9%. As the district begins to pursue competitive federal grant funding, it is the desire of the district to get this rate to at least 10%, which is the federal de minimus rate. Please see Attachment 4: Negotiated Indirect Cost Rate Agreement.

Board Policies – Another important strategy is seeking the passage of three new board policies related to securing supplemental revenue in the district. Please see Attachment 5: Early Draft of New Board Policies.

Kitchen Hood Capital Project

Documents related to the Kitchen Hood Capital Project is attached for review. These documents include: Bid Specifications; Bid Document; Bid Addendum; and, one additional Addendum.

Kitchen Hood RFP

Attached

Programmatic Funding Alignment

Please see *New Budgeting Process* section and referenced Attachment 1: Department Budget Planning Document.

Yeshiva Registration Trends

Please see Table 9 Non-Public Student Enrollment Trends.



Transportation

History of Not Filing Contracts – The history before the arrival of the current Director of Transportation in December 2018 is not known. His first task was to attend to all of the contracts from the 2018 – 2019 school year, which should have been submitted by the previous Director. This year, the challenges that caused the district to miss contract deadlines were directly related to prior years. Private contractors refused to sign renewals arguing that bids had been requested in the past, but never released. After several meetings between the superintendent, the contractors, and Director of Transportation, the contracts were eventually fully executed. These contracts were submitted late due to this issue.

Monthly Transportation & Finance Meetings – The issues with reimbursement for transportation costs brought forward in this audit process are extremely concerning. As a result of these issues, the Transportation Department and Finance Department will begin meeting monthly to discuss transportation finance issues as a measure to ensure that the issues do not occur again in the district.

Spreadsheet: Year-to-Date Actuals

Refer to Original Attachment I: Current Budget Status Report as of January 21, 2021.