

Bruce Singer, Fiscal Monitor and Dr. Shelley Jallow, Academic Monitor
East Ramapo Central School District
105 S Madison Ave
Spring Valley, NY 10977-5400

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

April 11, 2024

Dear Dr. Rosa:

RE: Monitor Findings and Recommendations Regarding the East Ramapo Central School District's Proposed 2024–2025 School Year Budget

In accordance with Chapter 89 of the Laws of 2016, as amended (Chapter 89), we have reviewed the proposed 2024–2025 school year budget to determine whether it is balanced within the context of revenue and expenditure estimates and mandated programs. We have also reviewed the proposed 2024–2025 school year budget to determine whether, to the greatest extent possible, it is consistent with the district's Long-term Strategic Academic and Fiscal Improvement Plan ("the plan").

The enclosed report provides our findings and recommendations. We conclude that the proposed 2024–2025 school year budget is not fiscally sound because of an over-reliance on unrestricted fund balance that will exacerbate the district's trajectory towards fiscal instability. Additionally, the proposed budget will be inadequate to implement the district's academic plan.

Consequently, we recommend that you direct the district to revise the budget to reduce reliance on one-time resources and revenues in order to improve long-term fiscal stability while minimizing negative impacts to the educational program. This could be accomplished by combining a larger proposed increase to the tax levy and evaluations of administrative, operational, and programmatic expenditures to determine the degree to which anticipated costs are reasonable, necessary, and directly contribute to the achievement of district goals and the outcomes detailed in the district's plan. Any anticipated expenditure that does not meet those criteria should be eliminated and the resulting savings used to reduce the reliance on fund balance.

We make this recommendation with extreme reluctance, given historical evidence that the community will not support tax levy increases that are commensurate with the district's needs and that any more reductions will negatively impact an academic program that is already

severely under resourced. But absent such actions to reduce the use of available reserve funds in the current year, future year reductions in programs will be even more severe and disruptive and, in the long run, even more damaging to students.

As we state in our conclusion, there are no longer any “inside the box” solutions to the district’s challenges. Actions to address the district’s fiscal instability will undermine its already inadequate educational program or vice versa. In addition, we underscore that there is currently no strategy that will address the district’s urgent cash flow situation that will cause the district to be unable to pay the warrants that will come due this summer until the district receives State Aid and property tax payments in September.

We, therefore, implore you to work with the governor and legislature to create a new financial structure for the district to ensure that resources necessary to meet the needs of the district's resident students are made available.

We look forward to continuing to collaborate with you to transform the East Ramapo Central School District into one in which every student receives the instruction and supports they need and deserve.

Respectfully Submitted,

Bruce Singer

Shelley Jallow

Bruce Singer

Dr. Shelly Jallow

Enclosure

CC: Lester W. Young, Jr., Chancellor of the Board of Regents
Members of the Board of Education
Dr. Clarence Ellis, Superintendent
Jason Harmon, Deputy Commissioner
Ray Giamartino, Assistant Commissioner

Findings and Recommendation of the East Ramapo Central School District Monitors Regarding the Proposed 2024–2025 School Year Budget

Responsibility of Monitors to Review East Ramapo Central School District’s Proposed Budget and Submit Findings and Recommendations

Chapter 89 of the laws of 2016, as amended by Chapter 57 of the Laws of 2017 and further amended by Chapter 173 of the Laws of 2021 requires the monitors assigned by the Commissioner of Education to the East Ramapo Central School District (“ERCSD” or the district) to review annually the district’s proposed budget to ensure that it, to the greatest extent possible, is consistent with the long term strategic academic and fiscal improvement plan (“the plan”) developed and adopted pursuant to this act and expands educational programming for students including but not limited to extracurricular activities, course offerings, non-mandated support services, non-mandated art and music classes, programs and services for English language learners and students with disabilities, and maintaining class size. The monitors shall also review the proposed budget to ensure that it is balanced within the context of revenue and expenditure estimates and mandated programs. The monitors shall present their findings to the board and to the commissioner no later than 45 days prior to the date scheduled for the school district’s annual budget vote.

Overview of the District

The ERCSD serves a largely suburban community in Rockland County, New York. As of March 23, 2024, the district’s enrolled 10,427 public school students in kindergarten through grade 12, approximately 75% of whom are Hispanic, 18% of whom are Black, and 7% of whom are of other races and ethnicities. Approximately 84% of the district’s public-school enrollment are economically disadvantaged students, 52% are identified as English language learners, 15% are classified as students with disabilities, and 12% are experiencing homelessness.

In the 2023–2024 school year, the district operated one early childhood center, nine elementary schools, two middle schools, and two high schools. Of the 14 public schools operated by the district, one is currently identified by the New York State Education Department (NYSED or “the Department”) for Targeted Support and Improvement, one for Additional Targeted Support and Improvement, and four for Comprehensive Support and Improvement. The percentage of the district’s schools that are identified for Comprehensive Support and Improvement is among the highest of any district in the State.

The district’s 2022–2023 school year Grades 3–8 assessment results in English Language Arts (ELA) and mathematics were far below the State average. Twenty-two (22%) of the district’s students were proficient in ELA and 16% in mathematics as compared to the State average proficiency rates of 48% in ELA and 52% in mathematics.

The district's four-year graduation rate as of August 2023 for students who first entered grade 9 in the 2019–2020 school year was 63%, far below the State average of 86%. Within this cohort, 10% of students received a Regents diploma with Advanced Designation as compared to 36% of students in the same cohort statewide who received an Advanced Designation diploma.

A defining feature of the district is its large number of resident students who attend nonpublic schools. In the 2022–2023 school year, 30,796 ERCSD resident students were enrolled in nonpublic schools, the largest nonpublic school enrollment of any New York State school district outside of New York City. This large number of nonpublic school students results in the district spending a significantly higher percentage of its budget (approximately 23%) on nonpublic school pupil transportation than do other school districts. As a result of the district's unique demographics, a majority of its school board are persons who have children who attend or have attended nonpublic schools rather than the district's public schools.

District Challenges

1. Educational Challenges

Districts in New York that are academically low-performing typically share three characteristics:

- The district serves high percentages of students from student subgroups that have higher-than average needs and are historically low-performing.
- The district is under resourced in terms of both fiscal and human capital to provide high quality instruction and support to such students.
- The district does not optimally use the limited resources that are available to the district.

All these conditions exist in the ERCSD. Almost every student who attends the district's public schools is economically disadvantaged, an English language learner, identified for special education services, or experiencing homelessness. Many students fall into more than one of these categories, and the challenges experienced by the district are compounded by the number of students who newly enroll in the district after the start of the school year.

Despite the percentage of students served by the district who require academic and/or social-emotional supports, the district lacks many of the programs and services that are common in other districts, including a strong career and technical education program and opportunities for students to take Advanced Placement and college level courses. The district does not have a strong program for its many overaged and under credited students, particularly given that a large percentage of high school aged students also work. The afterschool program is inadequate, both for students who are struggling and those who can benefit from acceleration.

Adding to these problems, the district habitually has large numbers of vacancies in key district leadership and teaching positions. Because so many teachers are working an extra period to cover classes because of vacant positions, many teachers do not have consistent access to

professional development opportunities or preparation time that could help them to be more effective in providing classroom instruction.

Another area of concern is that the district has no systemized process for evaluating the effectiveness of educational programs. This makes it highly likely that the district is using some of its scarce resources to maintain district programming and/or outside services that do not have the intended impact on teaching and learning.

A major challenge for the district is the provision of services to the majority of the district's students who are English language learners. Although conditions are improving, the district currently has major deficits at every stage of the process for identification, assessment, placement, and instruction of English language learners.

These challenges have created a "domino effect" in which one challenge exacerbates others. As a result, the district now has among the lowest rates in the State of students who are proficient in English language arts and mathematics in elementary and middle school and who graduate on time from high school.

2. Operational Challenges

ERCSD transports more resident students than any other district in New York State, except New York City. This places a significant fiscal and operational burden on the district. This burden is exacerbated by the district's universal busing policy, which results in the district providing transportation to many public and nonpublic school students for whom provision of transportation is neither required by State law, nor aided through existing State aid formulas. Funding that in other districts is available for instruction and support services is instead used in the ERCSD to implement the district's transportation policy. If it were possible for the monitors to direct the school board to amend this policy to better align services with resources, we would do so, but under current law, this policy can be amended only with the approval of voters.

Years of deferred maintenance and neglect have resulted in deteriorating educational facilities that are not conducive to learning. As a result, the district faces challenges with maintaining up-to-date certificates of occupancy for its buildings. For years, drinking fountains have been unusable because of lead contamination in numerous individual fixtures. Buildings, or sections of buildings, have had to be closed because of asbestos, resulting in at least one instance of students having to switch to remote instruction for a portion of the school year. Hot food was not available in some buildings in recent years because of issues with non-compliant kitchen hoods. There are facilities that are not compliant with the American with Disabilities Act. The state of disrepair sends the message to students and staff that what transpires within these facilities is not valued.

Recent Building Condition Survey reports identified nearly \$250 million in urgently needed repairs, and the cost of making these repairs grows annually when they are not made. Yet the

district is without access to the bond market due to its rapidly deteriorating credit rating and, thus, is unable to issue bonds to address its delapidating physical plant.

Human capital is another area of operational weakness. In recent years, the district has struggled to recruit, hire, and retain both key district leadership positions and professional staff. At the time of this report, the district will have vacancies in the following positions effective July 2024:

1. Superintendent of Schools
2. Assistant Superintendent of Business
3. Assistant Superintendent of Student Services
4. Assistant Superintendent of Human Resources
5. Transportation Supervisor
6. Asst Transportation Supervisor
7. Supervisor of Fiscal Services
8. Accountant
9. Supervisor of Fiscal Responsibility (Grants)
10. Assistant Facilities Director
11. No Instructional Directors or Department Chair people for multiple academic areas. The only existing Directors are the Director of Music/Fine Arts, Director of Athletics, and Director of Technology
12. Numerous Instructional staff in many areas

Constant turnover in senior leadership positions has hindered effective oversight of every aspect of district operations. The many years of lack of proper funding has created a dearth of administrative and instructional support.

While the district needs more fiscal resources, the district also needs to use its resources more effectively. The district relies on contracted services to a much higher degree than districts do typically. This is a result of limited internal capacity. Often these contracts are executed with only a single bidder responding to the Request for Proposals. The contracts themselves are sometimes written in ways that lack stringent cost controls, and vendors are sometimes not held accountable appropriately for intended programmatic outcomes of their work. In addition, the district has a history of excessive legal fees and settlements. Most recently, a bid for legal services has considerably lowered legal costs. More of this type of updating of past inefficient practices needs to be done. Such lax practices are unacceptable in a district in which every dollar must be treated as a precious asset.

3. *Fiscal Challenges*

The fiscal outlook for the ERCSD is not bright with promise. The reality is that the district faces twin threats of fiscal calamity, both in the very near term and over the next several years. As shown below, since the 2018–2019 school year, the Tax Levy has remained unchanged.

EAST RAMAPO CENTRAL SCHOOL DISTRICT						
TAX COMPARISON						
	Actual 2018-2019	Actual 2019-2020	Actual 2020-2021	Actual 2021-2022	Actual 2022-2023	Actual 2023-2024
Budgeted Tax Levy	\$ 151,461,007.00	\$ 154,490,227.00	\$ 154,490,227.00	\$ 154,490,227.00	\$ 154,490,227.00	\$ 154,490,227.00
Assessed Value						
Ramapo	\$ 1,084,179,966.00	\$ 1,099,790,684.00	\$ 1,113,221,261.00	\$ 1,122,644,777.00	\$ 1,131,777,249.00	\$ 1,150,232,506.00
Clarkstown	\$ 322,013,644.00	\$ 325,491,329.00	\$ 328,082,122.00	\$ 333,510,774.00	\$ 335,202,785.00	\$ 336,479,474.00
Haverstraw	\$ 441,169,788.00	\$ 444,978,334.00	\$ 446,052,419.00	\$ 443,793,788.00	\$ 443,399,400.00	\$ 442,093,077.00
	\$ 1,847,363,398.00	\$ 1,870,260,347.00	\$ 1,887,355,802.00	\$ 1,899,949,339.00	\$ 1,910,379,434.00	\$ 1,928,805,057.00
Tax Rate						
Ramapo	119.958121	120.010303	118.537247	117.596636	116.542792	115.897903
Clarkstown	45.317512	46.403984	45.582054	44.403870	44.376738	40.638284
Haverstraw	15.199123	16.041940	16.431190	16.907006	16.878385	16.092204
Equalization Rate						
Ramapo	0.1190	0.1160	0.1144	0.1146	0.1030	0.0851
Clarkstown	0.3150	0.3000	0.2975	0.3035	0.2705	0.2427
Haverstraw	0.9392	0.8678	0.8253	0.7971	0.7112	0.6129

For the last decade, the district’s voters have failed to adopt a budget that has contained tax levy increases. By holding the tax levy flat, at either a 0% increase or adopting a contingent budget following a voter defeat, the district effectively crippled itself by leaving unrealized tax levy receipts of up to \$108 million between the 2018–2019 and 2023–2024 school years.

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PY Levy	\$ 154,817,064	\$ 160,619,928	\$ 166,728,223	\$ 169,012,440	\$ 174,030,266	\$ 179,292,424
+ Tax Cap Reserve Offset (PY)	\$ 146,080	\$ -	\$ -	\$ -	\$ -	\$ -
- Tax Cap Reserve Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
x Tax Base Growth Factor	1.0046	1.0147	1.0058	1.0088	1.0096	1.0172
subtotal	\$ 155,675,975	\$ 162,981,041	\$ 167,695,247	\$ 170,499,750	\$ 175,700,956	\$ 182,376,254
+ PILOTS in Prior Year	\$ 265,219	\$ 257,663	\$ 257,663	\$ 257,663	\$ 235,569	\$ 252,602
- Capital Exclusion PY	\$ 624,531	\$ 2,469,606	\$ 3,319,988	\$ 2,590,102	\$ 2,735,178	\$ 3,059,206
x Allowable Levy Growth Factor	1.02	1.0181	1.0123	1.02	1.02	1.02
subtotal	\$ 158,422,996	\$ 163,679,018	\$ 166,657,907	\$ 171,530,657	\$ 176,665,374	\$ 183,161,043
- PILOTS to be Received	\$ 272,674	\$ 270,783	\$ 235,569	\$ 235,569	\$ 252,602	\$ 252,602
+ Carryover from Prior Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Limit Before Exclusions	\$ 158,150,322	\$ 163,408,235	\$ 166,422,338	\$ 171,295,088	\$ 176,412,772	\$ 182,908,441
+ CY Exclusions	\$ 2,469,606	\$ 3,319,988	\$ 2,590,102	\$ 2,735,178	\$ 2,879,652	\$ 2,879,652
CY Levy Limit	\$ 160,619,928	\$ 166,728,223	\$ 169,012,440	\$ 174,030,266	\$ 179,292,424	\$ 185,788,093
CY Applied Tax Cap Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual Levy Amount	\$ 154,490,227	\$ 154,490,227	\$ 154,490,227	\$ 154,490,227	\$ 154,490,227	\$ 154,490,227
B/(W)	\$ (6,129,701)	\$ (12,237,996)	\$ (14,522,213)	\$ (19,540,039)	\$ (24,802,197)	\$ (31,297,866)
Cumulative Taxes Not Levied	\$ 6,129,701	\$ 18,367,697	\$ 32,889,910	\$ 52,429,949	\$ 77,232,147	\$ 108,530,013

While the district has been able to avoid making draconian reductions in educational programs because of an infusion of State aid and one-time Federal COVID-response funds, these extra resources are ending, leaving the district with a structural imbalance that will require either large infusions of additional revenues and/or severe reductions in services.

Had the voters approved these annual increases in the tax levy, the cumulative effect of holding the tax levy flat would not have become a factor that now requires the district to either reduce expenditures or use reserve funds to balance the proposed 2024-2025 school year budget to address student needs.

Compounding these revenue shortfalls, the district is anticipating a significant increase in expenditures due primarily to an increase in student enrollment and increased transportation costs. When the district developed in April 2023 its five-year fiscal projection, the district assumed that expenditures for the 2024–2025 school year would be \$307,828,166. The district is now estimating that expenditures will be \$331,881,985, which is an increase of almost \$24 million in a single year.

The district has proposed to use \$19.8 million of its reserve funds to balance the proposed 2024–2025 school year budget. Unless the district increases revenues or reduces expenditures, the district is expected to exhaust over one-half of all available reserves – both restricted and unrestricted – by the end of the 2024–2025 school year.

In addition to the district facing structural imbalances in its 2024-2025 school year and succeeding school year budgets, the district is also facing an imminent cash shortfall. Due to a recent and significant downgrade of the district's credit rating to Baa3 – one step above junk status – by Moody's credit rating service, the district, despite months of attempts, has been unable to find a financial institution that is willing to lend the district funds for either an Energy Performance Contract or the issuance of a Tax Anticipation Note (TAN) or a Revenue Anticipation Note (RAN).

The cash flow analysis below shows that if the district is unable to secure a TAN or RAN, the district will exhaust all restricted and unrestricted reserves in July 2024 and will be unable to pay all its obligations, placing in jeopardy summer programming and the opening of school in September. Should the district secure a TAN or RAN but be unable to repay it fully, the lender would petition NYSED for a State aid intercept. If the petition were granted, NYSED would deduct the principle and accrued interest owed from the district's State aid before sending the district payments, thereby again resulting in a cash-flow crises for the district.

As of the date this report was submitted, the district had not yet identified a viable strategy for addressing this imminent fiscal cliff. Action by the governor and legislature to allow the district to “spin up” State aid may be the most expeditious way to address this issue.

Proposed 2024–2025 School Year Budget:

As we will explain below, we find that the proposed budget is neither balanced nor consistent with the Long–Term Strategic Academic and Fiscal Plan.

The sunset of Federal COVID funds, combined with many years of proposed tax-levy increases having not been approved by voters, has resulted in the district now having insufficient revenue to meet the growing costs of increased enrollment and transportation expenses. Accordingly, the proposed 2024–2025 school budget is not fiscally sound as it is over-reliant on the use of nearly \$19.8 million in reserves to close a structural deficit. An over-reliance on “one shot” non-recurring revenues to balance the 2024–2025 school year budget will leave the district in a dire position in succeeding school years. Such an approach will also leave the district without the ability to respond to any emergency health and safety situations (e.g., failure of a critical system in a school building) that might arise. The proposed budget will deplete over one half of the district’s reserves without addressing the near- and long-term structural imbalances that the district faces.

Fiscal Analysis of Proposed 2024–2025 School Year Budget

As part of the budget development process, the board requested that the administration provide a list of services to be reduced or eliminated during the 2024-2025 school year. The administration presented a number of scenarios, each with recommended reductions, combined with proposed tax levy increases and the use of available reserves. The board did not accept the administration’s first five recommendations. Instead, at the April 2, 2024, board meeting, the board voted to direct the superintendent to prepare a proposed 2024–2025 school year budget of \$331,881,985 that includes a 1.99% tax levy increase and the use of \$19,779,172 in reserves to balance the budget. The analysis that follows is based upon the proposed budget that was developed according to this directive that will be voted upon by the board at its April 16, 2024, meeting. As shown in the table below, revenue is projected to increase by \$36,276,223:

EAST RAMAPO CENTRAL SCHOOL DISTRICT				
PROPOSED 2023-2024 REVENUE BUDGET				
1.99% tax levy				
	2024-25	2023-24	23/24 to 24/25	23/24 to 24/25
Description	Estimated Budget	Adopted Revote Budget	\$ Change	% Change
Tax Levy	\$157,564,583	\$154,490,227	\$3,074,356	1.99%
NYS Aid Revenue	\$149,105,624	\$134,335,929	\$14,769,695	10.99%
PILOTs	\$252,602	\$252,602	\$-	0.00%
Health Services	\$150,000	\$350,000	\$(200,000)	-57.14%
Non-Resident, Foster, OPWDD	\$1,403,000	\$1,403,000	\$-	0.00%

Chapter Tuition – STAC	\$500,000	\$500,000	\$-	0.00%
BOCES Refund for Prior Year	\$500,000	\$700,000	\$(200,000)	-28.57%
Workers Comp & Ins.	\$93,318	\$93,318	\$-	0.00%
Medicaid	\$800,000	\$1,120,000	\$(320,000)	-28.57%
Use of Facilities	\$180,631	\$157,631	\$23,000	14.59%
Interest & Miscellaneous Revenue	\$1,500,000	\$2,150,000	\$(650,000)	-30.23%
Interfund Trans. For Debt Services	\$53,055	\$53,055	\$-	0.00%
Use of Fund Balance	\$19,779,172	\$-	\$19,779,172	#DIV/0!
TOTAL Estimated Revenue	\$331,881,985	\$295,605,762	\$36,276,223	10.93%

Excluding the use of fund balance, the 2024–2025 school year proposed budget projects an increase in revenues of \$16,497,051 compared to the 2023–2024 school year adopted budget, primarily as a result of a projected \$14,769,595 increase in State aid. The reality that the district cannot expect State aid to continue to increase at a rate of 11% annually underscores the structural imbalance looming in future year budgets.

Projected Expenditures Estimates

As shown in the table below, projected expenditures for the 2024–2025 school year are \$331,881,985:

EAST RAMAPO CENTRAL SCHOOL DISTRICT					
PROPOSED 2023-2024 EXPENDITURE BUDGET					
	2025	2024	\$ Change	% Change	
Personal Services - Instructional	\$ 114,525,635	\$ 95,526,902	\$ 18,998,733	19.89%	
Personal Services - Non Instructional	\$ 21,663,684	\$ 18,675,844	\$ 2,987,840	16.00%	
Equipment and Other Capital - Aidable	\$ 420,383	\$ 420,383	\$ -	0.00%	
Contractual and Other	\$ 24,664,482	\$ 26,356,341	\$ (1,691,859)	-6.42%	
Transportation	\$ 76,025,817	\$ 62,787,869	\$ 13,237,948	21.08%	
BOCES SERVICES	\$ 21,122,031	\$ 21,122,030	\$ 1	0.00%	
Debt Services	\$ 6,493,238	\$ 5,782,963	\$ 710,275	12.28%	
Benefits	\$ 66,416,716	\$ 57,575,833	\$ 8,840,883	15.36%	
Transfer to Other Funds	\$ 550,000	\$ 7,357,597	\$ (6,807,597)	-92.52%	
Total Proposed Expense	\$ 331,881,985	\$ 295,605,762	\$ 36,276,223	12.27%	

ERCSD is typical of school districts in that its largest expense is for instructional services. What makes the district an extreme outlier is that the district’s second largest expense is for pupil transportation. Of great concern is that transportation expenses are expected to increase by 21% in the 2024–2025 school year, more than any other major category of the district’s budget and far more than the projected rate of increase in district revenue. Thus, the 2024–2025

school year is again projected to be one in which the proportion of district expenditures allocated to pupil transportation is expected to grow.

To balance projected expenditures and revenues required that the board to identify \$4,332,227 in expenditure reductions. The largest savings are achieved by placing a freeze on the hiring of custodians, mechanics, and ground workers; reducing custodial overtime; and reducing purchase of building maintenance equipment. Savings are also expected from the reduction in the costs of ancillary services for students with disabilities and legal settlements. Reducing ancillary services may leave the district out of compliance if there is a sudden increase in mandated services.

Projected Change in Reserves (restricted and unrestricted)

The table below shows the district’s restricted and unrestricted reserves as of June 30, 2023:

EAST RAMAPO CENTRAL SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2023				
	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General Fund				
Nonspendable for advances	\$ -	\$ 95,782	\$ (95,782)	(100.00%)
Restricted for workers' compensation	3,000,000	-	3,000,000	100.00%
Restricted for retirement contribution-NYSERS	12,000,000	-	12,000,000	100.00%
Restricted for retirement contribution-NYSTRS	2,174,136	-	2,174,136	100.00%
Restricted for employee benefit accrued liability	3,000,000	-	3,000,000	100.00%
Restricted for unemployment insurance	1,000,000	-	1,000,000	100.00%
Restricted for insurance	109,802	103,471	6,331	6.12%
Assigned - unappropriated for: general support	73,886	-	73,886	100.00%
Unassigned fund balance	<u>18,020,846</u>	<u>4,426,173</u>	<u>13,594,673</u>	<u>307.14%</u>
Total Fund Balance - General Fund	<u>39,378,670</u>	<u>4,625,426</u>	<u>34,753,244</u>	<u>751.35%</u>

While an infusion of Federal Stimulus funds and State Foundation Aid allowed the district to substantially increase its restricted and unrestricted fund balances between the 2021–2022 and the 2022–2023 school years, the proposed 2024–2025 school year budget is only balanced through a heavy over-reliance on these fund balances, which will be reduced by nearly half by the end of the 2024–2025 school year and completely depleted prior to the end of the 2025–2026 school year.

A district without adequate reserves will have disruptions to its educational programs magnified should the district experience any unexpected expenses. In the case of the ERCSD, it is likely that this exhaustion of fund reserves will result in a further downgrading of the district’s bond

rating, making it highly unlikely that the district will be able to find any lender to issue bonds on the district's behalf, meaning the district will repeatedly experience cash flow crises.

Five-Year Budget Projections

The latest Five-Year Projection reflects an estimated deficit of approximately (-\$60 million dollars) in the 2027-2028 school year.

In April 2023, when the district projected a negative fund balance of \$44 million by the end of the 2028–2029 school year, the district submitted a strategy to close that deficit by increasing the tax levy by 4% annually and making the following expenditure reductions:

- Increase classes sizes in all grades (kindergarten through grade 12)
- Eliminate music and art teachers in the elementary schools
- Eliminate libraries and library media services in kindergarten through grade six.
- Reduce the number of support staff in all areas, including guidance counselor and social workers.
- Eliminate all extracurricular and co-curricular activities, including music and performing arts groups, and all sports, including varsity teams.
- Eliminate all non-mandated courses in grades 7-12, including electives, honors, and Advanced Placement courses.
- Eliminate all math and sciences courses that are not required to earn a high school diploma.
- Implement a split schedule in grades 7-12 that limits students to receiving only the mandated hours of instruction.
- Seek a variance form the State Education Department to have one person serve as the principal for two schools.
- Eliminate daily cleaning of schools.
- Reduce the number of staff assigned to security.

Given that the cumulative five-year deficit is now projected to be even larger, and a 4% annual tax levy increase is highly unlikely to materialize, the steps that that the district would have to take to balance future year budgets will need to be even more severe unless major efficiencies in spending are realized and/or additional State aid becomes available.

The Five-Year Projection shall be updated after the community vote on the proposed 2024–2025 school year budget and the updated estimated June 30, 2024, Yearend Fund Balance becomes available. The June 30, 2024, Yearend Fund Balance requires final audit results by the External Auditors as they complete the Annual Audited Financial Statements. However, it is expected that the updated projections will confirm that without additional revenues, the district will no longer be able in the near future to provide the most basic level of academic programming for students.

Academic Evaluation of the Proposed 2024-2025 East Ramapo Budget:

Because of a trail of failed budgets and 0% budget increases, the ERCSD administration has made cuts at every level of the district, with the false belief that impact on classrooms has been spared. A walk-through any district school tells a different story.

The proposed ERCSD budget for the 2024–2025 school year is academically unsound. The budget represents an accumulation of cuts to the instructional core and key supports for the essential interactions between student, teacher, and content that creates the basis for learning. English Language Proficiency data for elementary and secondary ERCSD students surpassed targets in spring 2023. However, state assessment results show students failed to meet proficiency targets on State assessments for ELA, grades 3-8, ELA Regents, and Early Literacy. Although the proficiency rate for mathematics grades 3 -8 on the State assessment rose to 16% last year, the proficiency rate declined for all math Regents. The 5-year graduation rate increased for all students, but the 4-year graduation rate for all students is 63%, including one high school reporting a graduation rate of 53% for the 2023–2024 school year.

Funding for supports like Multi-Tiered System of Supports–Integrated (MTSS-I), afterschool programming, summer school programming and credit recovery programming are dependent upon federal and State grant funding. Because transportation costs are prohibitive, extra bus runs to accommodate students in afterschool and summer school programming are limited. An example is an Extended Learning Time grant awarded to the district that is significantly underutilized by the awarded middle school. Despite funding for afterschool, the school has only been able to extend learning time for some students during lunch. Transportation also limits opportunities for students to engage in learning opportunities, like field trips, beyond the confines of the school building. The ability to build the capacity of teachers to meet the needs of students through professional development is compromised by a disproportionately high number of teacher vacancies and a growing student population. Many teachers are not available to participate in embedded professional development provided at their schools because many are covering extra classes due to unfilled vacancies and a growing student population. Budget constraints also compromise the district’s capacity for the recruitment, selection, onboarding, and support for new staff. Vacancies in the schools and at the central office, including the office of Human Resources, compromise the district’s ability to hire the staff needed.

The proposed ERCSD budget for the 2024–2025 school year is academically unsound because it fails to adequately address the teaching and learning process. Currently, the equitable procurement and distribution of curricular materials for the education of ELL students is unsatisfactory. Instructional support staff for all students, like content area coaches, reading teachers, and department chairpersons currently do not exist due to budget constraints. Secondary schools have limited funding to support CTE programming, extracurricular activities and college and career level programming. There is minimal evidence the budget adequately compensates for an estimated increase of 800 public school students for the next school year.

Finally, there is a lack of new programming to address the needs of a changing student population. Programs for overaged and under credited students, newcomer students, students with interrupted formal education (SIFE) students, or students seeking enrichment education opportunities are scarce or nonexistent.

Summary

The ERCS D has submitted the district’s proposed 2024–2025 budget to the monitors. The monitors now submit the district’s proposed 2024–2025 school year budget to the Commissioner. We find that the proposed 2024–2025 school year budget is neither educationally nor financially sound. Over-reliance on “one- shot” sources of revenue, (i.e., overuse of fund balance), will leave the district in an increasingly precarious financial condition in future years. Additionally, the proposed budget will be inadequate to implement key academic programs and/or social-emotional supports included in the district’s academic plan.

Monitors’ Findings and Recommendations

We find that the proposed budget does not support the long-term fiscal stability of the district for the following reasons:

1. There is an over-reliance on use of reserves to balance the proposed 2024–2025 school year budget. At this rate of use, unrestricted fund balances will be completely exhausted in 2024-25 and ALL reserves will be depleted during the 2025-2026 school year.
2. The current cuts proposed in the proposed 2024–2025 school year budget represent a continued deterioration of the district’s mission to educating the whole child by providing a healthy, safe, supportive, engaging, and challenging learning environment.

Consequently, we recommend the Commissioner direct the board and the district to take the following actions:

1. Revise the proposed 2024-2025 school year budget to reduce the use of available fund balance.
2. Conduct evaluations of administrative, operational, and programmatic expenditures to determine the degree to which anticipated costs are reasonable, necessary, and directly contribute to the achievement of district goals and the outcomes detailed in the district’s plan. Any anticipated expenditure that does not meet those criteria should be modified or eliminated during the 2024-2025 school year and the resulting savings of such action should be used to reduce the reliance on fund balance. Evaluation of expenditures should begin with those reductions recommended by the superintendent that are detailed in the table in Appendix 1.
3. Seek action from the governor and legislature to enact “spin up” legislation to provide the district with an advance on its State Aid, without which the district’s cash flow

analysis projects the district will exhaust all fund balance in July 2024 and be unable to meet its neither its payroll nor contractual obligations until the district receives its scheduled State aid payments and property taxes in September 2024. The district should be allowed to pay back the advance over several year to avoid the cash flow problem simply remerging later in the school year.

Conclusion

The ERCSD faces its most dire circumstances since legislation first authorized the Commissioner to appoint monitors to the district in 2016. Years of the East Ramapo school community under resourcing its schools has led to a rapid deterioration in the district's academic, operational, and fiscal capacity that have become untenable. The first monitor, Mr. Hank Greenburg, in 2016 warned of this likelihood if the district did not make reforms. That day is now here.

Given current constraints, the Commissioner is faced with directing the board to engage in a balancing act among bad choices. The district desperately needs more revenue, but there is no evidence that the community will support tax levy increases that are commensurate with the district's needs. Further, at present, the district lacks the systems and evaluation practices needed to make surgical reductions in expenditures that will avoid negative impacts on student learning. Using reserve funds to balance the budget will make future year reductions even more painful while also making it even more unlikely that the district will be able to access credit markets. As explained in the section on the district's five-year budget projections, without fundamental change, the financial condition of the district over the next 5 years will only grow worse.

The district needs an immediate infusion of resources to remain viable. If the community continues to refuse to provide these resources, then we urge the Commissioner to work with the governor and legislature to take emergency action to ensure that these resources are provided, with the full understanding that such action may compel the State to take over control of the district's finances. The district's situation is dire, and the time for action is now.

Appendix I

Budget Code	24-25 Expenditure Reduction	Description	Total Expenditure
A2110	School Security Aides	Freeze hiring of 3 FTE School Security Aide (vacancies not filled) (benefits	150,000
A 2820	School Psychologists	Eliminate 1 FTE School Psychologist	103,846
A 2110	Instructional	Freeze hiring of 5 instructional FTEs	500,000
A 5540	Transportation for School-Sponsored Field	Eliminate School-Sponsored Field Trips	109,462
A 2826	Social Workers	Reduce Clinical Services (9 FTEs)	934,611
A 2850/ A2855	Middle School Athletic	Eliminate Athletic Interscholastic Programs-Middle School	124,880
A 2250	Teacher Assistants	Freeze in Hiring of 20 additional Instructional Staff to Fill kindergarten and	1,215,000
A 2110		Elementary and middle school after school program	874,379
A2250	Teacher Aides	Restructure existing Special Education models, eliminating 10 aides-in anticipation of shifts to Least Restrictive Environments across specialized	316,800
A 2850	High School Co-curricular Activities	Reduce Co-curricular After School Activities - High School	305,772
A 2850	Middle School Co-curricular Activities	Eliminate Co-curricular After School Activities – Middle School	114,060
A 2110		9-12 secondary after school (inclusive of Regents Prep)	44,905
A 2110		Curriculum development	
490		BOCES CoSer reductions	500,000

A 2110	School Materials and Supplies	Reduce School Supplies and Materials Funds	190,000
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