

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

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

February 8, 2024

Dear Dr. Rosa;

**RE: Academic and Fiscal Monitor Findings and Recommendation Regarding
the East Ramapo Central School District 3 rd. Semiannual Report to the
Commissioner and Regents**

Pursuant to Chapter 89 of the laws of 2016 (Chapter 89) which enacted the original East Ramapo Central School District monitor legislation, which authorized the Commissioner of Education to appoint monitors to provide oversight, guidance and technical assistance related to the academic and fiscal policies, practices, programs, and decisions of the ERCSD, the Board of Education, and the Superintendent.

On June 29, 2021, the Governor signed into law Chapter 173 of the laws of 2021 (Chapter 173) which amended Chapter 89 providing for advanced powers and duties of the monitors appointed to the ERCSD. Chapter 173 expands the mandating that the District Clerk provide documents to the monitors within 48 hours of a written request. Additionally, Chapter 173 requires the District Clerk to provide the monitors with copies of the board agenda with all resolutions, and motions on such agenda no later than 72 hours prior to such meeting.

SY23/24, Four major areas of academic monitor's key activities and accomplishments.

First, the academic monitor has insisted district administration commit to more attention and action in bilingual education. The monitor has collaborated regularly with the NYSED Office of Bilingual Education and World Language (OBEWL) to support this area of work. The monitor has consistently raised issues with a direct impact on the education of ELL students in the district. This effort started with directly supporting the work of the new Executive Director of Multilingual Education and World Languages and her team. Through multiple meetings with school leaders, we were able to identify multiple pain points throughout the school system for ELL students and their teachers. During the first half of this school year the monitor has worked closely with administration to identify areas for improvement in the district's registration department, human resources department, guidance department, special education department and the curriculum and instruction department. Initial work to remedy these challenges has begun, but evidence suggest this area of education has been inadequately addressed for some time and therefore will require a multiyear approach and adequate funding.

Second area of work for the first half of the school year has focused on student outcomes at the secondary level. The state monitor has formed work relationships with each school leadership team to help build capacity using data and the Public Education Leadership Project (PELP) coherence framework, from Harvard University to better understand how their decisions serve as a bridge or a barrier to the instructional core, in every classroom, throughout their schools. The instructional core is the relationship between curriculum, teachers, and students. The monitor has participated in numerous school walkthroughs with school and central office leaders to identify individually and collectively how policies, practices, procedures, and beliefs impact the instructional core. Initially there is a lack of district cohesion within and among schools regarding curriculum and instruction. This appears to be due more to challenges holding staff accountable. The accomplishment of the monitor has been evidenced by the increased awareness by district leaders as they create new plans, assign staff, and develop budgets. This is another area of work that will require time and adequate resources.

A third area of work involving the state monitor, for the first half of the school year, is helping schools understand and become hyper focused on data driven strategies to improve student outcomes for the purpose of becoming New York state schools "In Good Standing". State scores indicate the content of the SCEP

plans often were too generic to address the student and staff needs or they included action steps that were not feasible during the current school year. The monitor began working with schools to reconsider some of their approaches to school turnaround. School turnaround is terminology used for a more time sensitive and urgent approach to school improvement. Working with the NYSED Office of Accountability, leaders at the school and district level have a better understanding of how each school received their specific accountability designation and the resources available to schools engaged in this type of work. The work in this area should result in more effective SCEPs aligned to school community needs.

Fourth, central office has not been appropriately staffed, resourced, or funded for a few years. Many key district leadership positions are held by individuals with less than two years of experience in the position. Because so many central office administrators have left their positions, those left behind are often doing the additional work of more than a single position. The academic monitor recognizes these challenges have resulted in the need to coach and support district leadership with their tasks in the following areas such as: strategic planning and decision making, instructional leadership, grants management, progress monitoring, evaluation, and communication. Some progress has been made in internal protocols like more effective and accurate board agendas, the quality of board resolutions, re-establishment of active board committees, increased frequency, and quality of professional development in bilingual education and more interactive and data driven principal meetings. Dedicated executive leadership training for central office leaders is essential now and in the foreseeable future. The primary focus of the training and the next iteration of the LTSAFP must be improving academic outcomes for all students.

In addition, the academic state monitor attends regular cabinet meetings, assistant superintendent meetings, principal meetings, school leadership meetings NAACP meetings NYCLU meetings, and meetings with vendors associated with recommendations on the Long Term Strategic Academic and Financial Plan (LTSAFP).

The following amendments to the LTSAFP SY23/24 have been submitted and approved by the academic monitor:

2023-2024 Fiscal Achievements

Since July 1, 2021, there have been no “Walk- On” agenda items from Board of Education members. The past practice, prior to implementation of law Chapter 173, the Board of Education members would recommend a resolution at the Board meeting, without vetting of the resolution for academic or fiscal impact. The Superintendent of Schools was not given advance notice of these “Walk-On” agenda items.

There has been a significant change in practice of Board Members. There have been no “Walk-On” agenda items since July 1, 2021

-Have reviewed every BOE agenda during the 2023-2024 school year prior to the public BOE meeting. Due to concerns of certain proposed agenda items, I have requested further information and documentation from district administration prior to BOE submission. Due to implementation of Chapter 173, there was no need to “Veto” a BOE resolution, as the district, prior to the upcoming meeting removed the agenda item until all questions, or concerns were satisfied. A few BOE agenda items were never brought back for BOE discussion.

East Ramapo CSD Monitors Legislative Duties and Powers

-Reviewed extensive documentation which was prepared by the district that included but not limited to State Aid assumptions; 2023-2024 school year tax levy calculations, revenue and expenditure trends, transportation budget analysis; cost savings resulting from potential retirees; and debt service. 2023-2024 Budget can be found here:

[https://www.ercsd.org/site/handlers/filedownload.ashx?moduleinstanceid=17976&dataid=31924&FileName=Revote 2023-2024 Proposed budget Line by Line.pdf](https://www.ercsd.org/site/handlers/filedownload.ashx?moduleinstanceid=17976&dataid=31924&FileName=Revote%202023-2024%20Proposed%20budget%20Line%20by%20Line.pdf)

-Provided oversight in the recruitment of the Transportation Director, Facilities Director, Business Manager. As of today, February 8, 2024, these positions are still unfilled. Recruitment for both instructional and non-instructional staffing needs has been a challenge.

-Established weekly process whereby monitor participates in the construction updates with the Architect, Construction Managers, and district personnel. The construction managers provide monthly construction updates with is posted on the district website – Departments- Monitors – ARPA Construction Update Reports

This monthly construction report Provides community updates on Construction timeline and financial reporting. All the monthly Construction Reports can be found at the East Ramapo District website- Building Department- Monthly Construction reports.

Monthly Construction reports can be found on this page: <https://www.ercsd.org/Page/11637>

-Participated in discussions with all auditors (Internal Auditors, External Auditors, Claims Auditors, to ensure transparency of information. Developed the Audit Action Plan to meet compliance with all Auditors comments.

East Ramapo Audited June 30, 2023 Financial Statements:

[**ERCSD Audited Financial Statements 6.30.23**](#)

-Instituted purchasing policy which eliminated the past practice of purchasing supplies and materials with only appropriate prior approved purchase order. In February 2023, over 80 notices were sent to various staff members indicating recent unauthorized purchase orders may not processed until correction action Is taken. The evidence can be found by reviewing the monthly Claims Audit reports, which indicate that this practice has stopped. Please see the monthly BOE meeting – Claims Audit Report.

-Participated in discussions with Bond Counsel, and Fiscal Advisors to ensure submission of cash flow which represents proper estimated financial needs for upcoming Bond Borrowings

- Energy Performance Contract – lack of access to municipal credit markets.
- The Energy Performance Contract administered by Ameresco, Inc., which was approved by the East Ramapo Board of Education, February, 2023, has received all required NYSED approvals to begin construction and implementation.
- The final requirement in order to proceed is to secure Financing for equipment necessary for the Energy Performance Contract, i.e.: Lighting, HVAC, Energy Management System.
- **East Ramapo’s Financial Advisor-Capital Markets Advisors (CMA), prepared and circulated a Request for Proposals for lease financing in October 2023 and has attempted to secure financing for the past several months. CMA has spoken with many financial institutions which are not willing to finance the Energy Performance Contract due to their inability to get credit approval for the district. Following Moody’s**

credit rating agency assigning a negative outlook to East Ramapo CSD's Baa3 rating in August

Above fiscal concerns are not new to the Board of Education. The most significant change, is the fiscal crisis may not be years away, but closer than predicted.

To summarize: "The lack of access to the credit markets will materially and adversely impact the district's ability to fund its operating needs going forward."

- On February 5, 2024, Dr. Clarence Ellis, Ms. Natalie Espinal, and myself, had conversation with Fiscal Advisors- Capital Markets and Hawkins- Bond Council regarding the 2023-2024 and 2024-2025 Cash Flow projections.
- At the conclusion of our meeting, Mr. Rich Tortora- President of Capital Markets- made a follow up phone call with Oppenheimer Financial Bankers, Mr. Tortora reports, as follows;
- "Following our call with Bill Jackson, Dan Birmingham, Natalie Espinal and you earlier this afternoon, Diana, Alex and I reached out to Al Fleitas at Oppenheimer & Co. to discuss East Ramapo's funding needs. As you may recall, Oppenheimer has expressed an ongoing interest in East Ramapo Schools and has an interest in "distressed credits" in general.
- We informed him that the current cash-flow statement projects that the district will have positive year end results for FY2023-24 but is projected to start FY2024-25 with operating deficits in July 2024, August 2024 and at FY2024-25-year end. Despite the District's financial stress, Al believes the district's notes "are sellable" due to the availability of the state aid intercept as provided in NYS Finance Law Section 99-b and the district's "full faith and credit" pledge to its investors. Under current market conditions, he projected the interest rate on the notes would be over 4.00%. He added that the notes could be sold in mid to late May 2024 to close on or after June 21, 2024"
- If in the event, that East Ramapo defaults on the repayment of the short-term note, the successful bidder would mandate the state aid intercept as provided in NYS Finance Law Section 99-b. **Therefore, the structural deficit of East Ramapo CSD 2024-2025 Budget would remain.**

- Ms. Natalie Espinal, Asst Supt- Business, and I further discussed the attached East Ramapo projected 2024-2025 cash flow with Mr. Sean Giambattista
- During our conversation, it was agreed, that the attached East Ramapo projected 2024-2025 cash flow fairly estimates 2024-2025 State Aid.
- Most significant, the projected 2024-2025 Cash flow reflects a negative cash balance from April, 2025 thru June 30, 2025.
- During the last few weeks, East Ramapo has been reviewing current 2023-2024 needs including development of the 2024-2025 Budget. After many hours of review, it now appears that the East Ramapo 2024-2025 will not be balanced without significant reductions. **The anticipated revenue will not be sufficient to meet the anticipated expenditures. Over the last ten years, the community has expressed the lack of support for any tax levy increase.**
- The 2024-2025 Budget shall be finalized during the next few weeks, some major areas of increase-
 - Transportation- due to increased cost of service plus increased enrollment
 - Staffing increases – due to public school enrollment increases, most new students, English is not their home language.
 - Educational mandates for students may not be met
 - Expenditure reductions in all areas
 - Increases class sizes
 - Eliminate music and art
 - Eliminate library in kindergarten through grade six
 - Reduce support staff in all area, including guidance counselors and social workers
 - Eliminate all extracurricular and co-curricular activities including music and performing art groups
 - Eliminate all sports including varsity teams
 - Eliminate all math and science courses that are not required to earn a High School diploma
 - Implement a split schedule in grades 7-12 that limits students to only mandated instruction
 - Seek a variance from NYSED to one person serve as Principal for two schools
 - Eliminate daily cleaning of buildings
 - Reduce security staff
 - If in the event the above reductions were to be implemented, then the level of learning loss that students would experience would be unprecedented and antithetical to the intent of Chapter 89 of the laws of 2016, which was

intended to ensure the educational outcomes for the students attending schools in the district increase

- **Chapter 89 provides that the district, in consultation with the monitors, submit the district’s proposed budget to the Commissioner at least 45 days prior to the annual budget vote. The Board is then required to make any amendments to the proposed budget as recommended by the Commissioner. Chapter 173 amended these provisions to provide that the Board must submit the budget to the monitors by March 1st of each year. The monitors then submit their findings to the Board and the Commissioner at least 45-days prior to the budget vote. The district must then make amendments to the budget as recommended by the monitors and approved by the Commissioner.**
- **Based on the most recent financial information, at this time, it appears that I cannot recommend the Commissioner approve the East Ramapo 204-2025 Budget, which will not be balanced unless the draconian reductions are implemented as noted above.**

Previous Notifications regarding the Fiscal Challenges facing East Ramapo Schools issued by the Fiscal Monitor:

2022-2023 Fiscal Challenges

As noted in Fiscal Monitor Findings and Recommendations Regarding the East Ramapo School District 2022-2023 School Year Proposed Budget (please see page 5)

[Fiscal Monitor Findings and Recommendation Regarding the ERCSD 2022-23 ENGLISH](#)

In memo dated July 21, 2022, I forewarned East Ramapo Board of Education and Superintendent they are facing a major pending financial issue, which was presented at the August 3, 2022 BOE meeting and publicly read aloud.

[Pending Fiscal Crisis](#)

The 2022–2023 school year budget includes \$31,873,457 in non-recurring Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) funds. Without an immediate plan for reductions in expenditures, the 2023–2024

school year budget will be structurally unbalanced due to the loss of these federal stimulus monies. The 2023–2024 school year budget calendar approved by the board of education at the September 13, 2022 requires that budget guidance be issued in November. These guidelines must include a clearly defined process by which the necessary expenditure reductions will be identified and dates by which budget reduction and balanced budget code milestones will be met.

- **Superintendent Review of Line-Item Budgets.** Ongoing line-by-line review of the 2022–2023 school year budget to identify personnel efficiencies, reductions in programs, and increases in revenue to ensure that the June 30, 2023, fund balance is positive. At minimum, the district must frame a plan that outlines the steps that will be taken to enact measures to eliminate the June 30, 2022, negative fund balance, which is estimated at this time to be \$8,000,000 based on unaudited data.
- **Weekly Submissions of Superintendent’s Cost Saving Recommendations:** Beginning no later than September 26, 2022 you will provide Capital Markets, Hawkins Delafield, and both monitors written weekly updates on your recommendations regarding progress made on the 2022–2023 School Year Expenditure Reduction Plan. The weekly updates must include:
 - specific line items and dollar amounts;
 - the programs and number of staff affected by the reductions, including their salaries and benefits;
 - savings in the areas of supplies and materials, and contractual obligations impacted; and
 - the date of implementation of the reductions.

Conclusion

It cannot be stressed enough that failure to immediately implement a Financial Efficiencies and Expenditure Reduction Plan jeopardizes the availability of future debt service instruments, thereby placing at risk both the entire educational program and the financial viability of the ERCSD.

Should the steps specified above not be implemented with timely planning, execution, and full fidelity, the monitors will use their authority under the law to

compel district compliance and/or notify the Commissioner of the need for intervention to ensure the fiscal and programmatic integrity of the district.

The crisis about which the monitors have warned is now upon the district, and the time for targeted action is now.

Sincerely,

Bruce Singer

Bruce Singer
Fiscal monitor

Dr. Shelly Jallow
Academic Monitor

Projected Deficit – Years ending 2026 thru 2028:

	0% increase in tax Levy			0% increase in tax Levy			0% increase in tax Levy		
	PROJ BUDGET		***%	PROJ BUDGET		***%	PROJ BUDGET		***%
	2026	DOLLAR CHG		2027	DOLLAR CHG		2028	DOLLAR CHG	
REVENUE									
Local Tax Levy	\$154,490,227	\$0	0.00%	\$154,490,227	\$0	0.00%	\$154,490,227	\$0	0.00%
Local Misc Rev	\$5,106,551	\$0	0.00%	\$5,106,551	\$0	0.00%	\$5,106,551	\$0	0.00%
State	\$166,523,301	16,990,653	11.36%	\$183,853,767	17,330,466	10.41%	\$196,530,842	12,677,075	6.90%
Federal	\$1,165,020	22,732	1.99%	\$1,188,203	23,184	1.99%	\$1,211,849	23,645	1.99%
Transfers In	53,055	0	0.00%	53,055	0	0.00%	53,055	0	0.00%
TOTAL REVENUE	327,338,153	17,013,384	5.48%	344,691,803	17,353,650	5.30%	357,392,524	12,700,721	3.68%
EXPENDITURES									
Salary and Benefits Costs	199,662,926	13,062,061	7.00%	213,639,331	13,976,405	7.00%	226,457,691	12,818,360	6.00%
Other	144,100,000	2,747,000	1.94%	150,376,000	6,276,000	4.36%	155,929,000	5,553,000	3.69%
TOTAL EXPENDITURES	343,762,926	15,809,061	4.82%	364,015,331	20,252,405	5.89%	382,386,691	18,371,360	5.05%
SURPLUS/DEFICIT	-16,424,773			-19,323,528			-24,994,167		
BEGINNING FUND BALANCE (unassigned)	391,749			(16,033,024)			(35,356,552)		
Total reserves 6/30/23**									
Other changes to fund balance									
YEAR END BALANCE*	-\$16,033,024			-\$35,356,552			-\$60,350,719		
BALANCE AS% OF EXPENDITURES	-4.66%			-9.71%			-15.78%		
FUND BALANCE AS # OF MONTHS OF EXPEND	-0.56			-1.17			-1.89		

*Notes: 1. Projection reflects 0% increase in tax levy revenue

2. State aid is estimated at 2% increase each year, plus \$7 million for foundation aid each year.

3. Additional transportation aid estimated as follows;

State Aid on increase in Transportation costs	
5,439,061.53	24-25 Projected State Aid
7,180,840.46	25-26 Projected State Aid
7,412,955.30	26-27 Projected State Aid
2,273,306.29	27-28 Projected State Aid

4. Salary increases for projected increases in enrollment and contractual obligations.

5. Transportation projected at 15% for 2025 and CPI of 4% forward through 2028

6. Potential Bond Referendum Obligations for BCS not factored until voter support is secured.

7. It is anticipated that reserves established at 6/30/2023 will be depleted by 2026.

8. \$10 million factored for capital improvements each year due to ADA requirements and increased costs.

9. Increases to BOCES expenditures reflect planned capital project. ERCSO responsible for the greatest share in financial support of Rockland BOCES.



Cash Flow Projection

2024-2025 Monthly Cash Flow Projected (000's omitted)	Updated	2/6/24	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	12 Month Total
Balance (beg. of month)			24,415,734	(8,666,300)	(24,061,336)	17,616,320	99,224,336	86,602,725	60,340,367	31,677,647	1,364,673	4,511,627	(7,517,208)	(3,784,571)	24,415,734
Receipts:															
Property Taxes															
State Aid- Current Year															
State Aid & BOCES - Prior Year															
NYS & NYS Aid Other															
Short-Term Borrowing - proposed															
Interest Income															
Rental Income															
Other Revenues															
Medicaid															
Health Insurance Contributions															
BOCES Refund															
Repayment of Advance (C-Fund)															
CRSA															
ARPA-Capital															
ARPA- Other															
Total Receipts			4,307,684	6,094,077	69,442,501	116,601,026	22,456,602	14,168,992	10,295,103	1,665,150	40,644,669	18,844,580	40,892,005	43,546,391	388,832,087
Balance and Receipts			28,723,417	(2,572,223)	45,381,166	134,217,346	121,680,938	100,771,717	70,635,470	33,342,798	42,009,342	23,356,207	33,374,797	39,761,820	413,267,820
Disbursements:															
Warrants															
Transportation															
Payroll															
Payroll - ARPA, CRSA, TITLE															
Prior Year Retro															
Debt Service															
TRS Payments															
TAN Payment															
Library Tax Levy															
Legal Settlements															
Advances to H-ARPA Capital															
Advances to Other Funds (Trans)															
Total Disbursements			37,389,717	21,489,113	27,764,846	34,992,991	35,078,232	40,431,350	38,937,823	31,978,125	37,497,716	30,873,415	37,159,367	58,120,312	431,733,005
Balance (end of month)			(8,666,300)	(24,061,336)	17,616,320	99,224,336	86,602,725	60,340,367	31,677,647	1,364,673	4,511,627	(7,517,208)	(3,784,571)	(18,338,492)	(18,465,185)
(includes restricted reserves)															