

Bruce Singer, Fiscal Monitor  
Mary Fox, 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

March 29, 2023

Dear Dr. Rosa:

RE: Monitor Findings and Recommendation Regarding the East Ramapo Central School District's 2023-24 School Year Proposed Budget

In accordance with Chapter 173 of the Laws of 2021, we have reviewed the proposed East Ramapo Central School District's (ERCSD or "the district") 2023–24 school year proposed budget to determine whether it is balanced within the context of revenue and expenditure estimates and mandated programs. We have also reviewed the proposed 2023-24 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"); 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 maintains class size.

During the development of the proposed 2023–24 school year budget, district staff continually compared the budget to the plan to ensure alignment. As we will explain below, we find that the proposed budget is balanced, but is not consistent with the Long Term Academic and Fiscal Plan.

**2023-24 School Year Revenue Highlights:**

EAST RAMAPO CENTRAL SCHOOL DISTRICT PROPOSED 2023-24 REVENUE BUDGET				
	2023	2024		
Description	Contingency Budget	Proposed Budget	\$ Difference	% Difference
Tax Levy	154,490,227.00	157,564,583.00	3,074,356.00	1.99%
NYS Aid Revenue	94,651,214.00	134,335,929.00	39,684,715.00	41.93%
PILOTs	252,602.00	252,602.00	00.00	0.00%
Health Services	475,000.00	350,000.00	-125,000.00	-26.32%
Non-Resident, Foster, OPWDD Tuition	1,678,313.00	1,403,000.00	-275,313.00	-16.40%
Chapter Tuition _STAC	1,541,840.00	500,000.00	-1,041,840.00	-67.57%
BOCES Refund for Prior Year Surplus	830,399.00	700,000.00	-130,399.00	-15.70%
Workers Comp & Ins. Reimbursement	93,318.00	93,318.00	00.00	0.00%
Medicaid	989,000.00	1,120,000.00	131,000.00	13.25%
Use of Facilities	236,081.00	157,631.00	-78,450.00	-33.23%
Interest & Misc. Revenue	1,130,451.00	2,150,000.00	1,019,549.00	90.19%
Interfund Trans. for Debt Service	53,055.00	53,055.00	00.00	0.00%
<b>TOTAL</b>	<b>256,421,500.00</b>	<b>298,680,118.00</b>	<b>42,258,618.00</b>	<b>16.48%</b>

## 2023-24 SCHOOL YEAR STATE AID ANALYSIS

- The district is projecting total revenues of \$298,680,118 in the 2023-24 school year, which is an increase of \$42,258,618 from the 2022-2023 school year, mainly due to the increase in Foundation Aid of \$39,684,715.
- 2023-2024 school year State Aid, subject to legislative action, is projected as follows:

2023-24 FOUNDATION AID	\$85,718,024
2023-24 HIGH TAX AID	729,146
2023-24 TRANSPORTATION AID	35,419,887
2023-24 BUILDING AID	2,635,320
2023-24 BOCES AID	3,162,565
2023-24 PUBLIC EC HIGH COST AID	2,177,650
2023-24 PRIVATE EXCESS COST AID	816,126
2023-24 SOFTWARE AID	619,573
2023-24 LIBRARY MATERIALS AID	258,500
2023-24 TEXTBOOK AID	2,378,755
2023-24 HARDWARE & TECH. AID	420,383
2023-24 TOTAL AID	\$134,335,929

Please note: Universal Pre-Kindergarten Aid is not included in the General Fund.

2023-24 School Year Tax Cap

- To meet the needs of students and maintain the appropriate levels of programs and services, the district is proposing a 1.99% tax levy increase, which is within the allowable tax levy cap, meaning only majority, rather than supermajority, voter approval will be needed. If approved, tax levy funding would increase from an estimated \$154,490,227 in the 2022–23 school year to a projected \$157,564,583 in the 2023–24 school year.
- The maximum allowable tax levy increase is 4.56%. However, it is extremely doubtful that the East Ramapo community would support a tax levy increase of that magnitude.

**Tax Cap Calculation**  
**FINAL Submitted March 1, 2023**

PRIOR YEAR TAX LEVY	\$154,490,227
Multiply by:	
TAX BASE GROWTH FACTOR	1.0096
	\$155,973,333
Adjusted Tax Levy:	
ADD PRIOR YEAR PILOTS	\$235,569
LESS PRIOR YEAR EXEMPTIONS (CAP. LEVY)	\$2,735,178
ADJUSTED PRIOR YEAR LEVY	\$153,473,724
Multiply by:	
ALLOWABLE GROWTH FACTOR	1.02
Tax Levy including Growth Factor:	\$156,543,198
LESS PILOTS FOR COMING YEAR	\$252,602
ADD AVAILABLE CARRYOVER FR 6/30/22	\$2,368,175
TAX LEVY LIMIT (before exclusions)	\$158,658,771
EXCLUSIONS (TRS, CAP. LEVY)	\$2,879,652
MAXIMUM ALLOWABLE LEVY	\$161,538,423
MAXIMUM LEVY AMOUNT INCREASE	\$7,048,196
<b>ALLOWABLE TAX CAP INCREASE %</b>	<b>4.56%</b>

- All state filings have been submitted timely during the 2022–23 school year.
- Other categories of revenue and expenditure projections are based on trend data of actual revenue and expenditures.
- In developing our findings, we reviewed extensive documentation prepared by the district that included but were not limited to: State aid assumptions; 2023–2024 school year tax levy calculations; revenue and expenditure trends; transportation budget analysis; potential retirees; and debt service. The link to these documents can be found at:  
<https://www.ercsd.org/Page/11863>

**2022–23 School Year Expenditure Reductions and Efficiencies:**

- The proposed 2023–24 school year budget reflects the following efficiencies and reductions in expenditures from the 2022–23 school year budget:

**Budget Efficiencies/Reductions**  
2023–24

Teaching Assistants Full Day K-8 (General Ed classes) - 10 FTEs	\$	316,800.00
Modification of instructional focus of library teachers - 7 FTEs	\$	508,200.00
Reduce # .2 classes, and streamline course options at secondary level	\$	600,000.00
Security Vacancy - 1 FTE (presently unfilled)	\$	50,000.00
Telephone Services	\$	20,000.00
Mailroom Services	\$	35,000.00
Custodial Overtime Districtwide	\$	538,000.00
Non-obligatory transportation bus routes - Nonpublic Schools	\$	2,000,000.00
Special Education K - 12 class reductions	\$	237,600.00
Attendance teacher	\$	104,800.00
Retirement Incentive	\$	200,000.00

**Budget Efficiencies/ Reductions** **\$ 4,610,400.00**  
**2023-2024**

<b>PROPOSED 2023 - 24 EXPENDITURE BUDGET</b>				
<b>BUDGET COMPONENT SUMMARY</b>				
Budget Component	Sum of 2022-23 Contingency Budget	% of total budget	Sum of 2023-24 Proposed Budget	% of total budget
Administrative	\$ 23,866,208.00	9%	\$ 24,515,320.00	8%
Capital	\$ 24,585,883.00	10%	\$ 31,315,567.00	10%
Program	\$ 207,969,409.00	81%	\$ 242,867,231.00	81%
<b>Grand Total</b>	<b>\$ 256,421,500.00</b>	<b>100%</b>	<b>\$ 298,698,118.00</b>	<b>100%</b>

- The ERCSD has been awarded more than \$210 million in Federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) and American Rescue Plan (ARP) Act grant funding. Consultant contracts not otherwise budgeted for in the 2021–2022 school year budget would have been unaffordable if not for these COVID-response funds. However, since the district must expend these funds within prescribed periods, the district has begun to prepare for when the funds will no longer be available to support district programs and services. Due to loss of CRRSA funds, the financial impact to the district is a reduction of nearly \$32 million. The district finances need to be proactively managed to ensure the budget remains balanced. Reductions in the General Fund Budget must occur to achieve long-term

fiscal stability, and the practice of reducing staffing by not automatically backfilling the positions of persons who retire has been implemented. Class efficiencies have begun to be made to ensure that currently under enrolled classes are addressed. Further reductions in all areas – including both instructional and non-instructional services – must continue to ensure long-term stability.. All programs must be analyzed for effectiveness and sustainability. Considering the large expenditures being paid for by the COVID-response grants, the elimination of these funds will have a considerable impact on all district operations in future years.

- Beginning August 2022, a line-by-line expenditure review has been undertaken by the superintendent and the executive cabinet. Every Monday afternoon, a weekly progress report has been given to the district’s bond counsel and fiscal advisors. These advisors needed to be assured that the district was taking immediate and prudent steps to balance the district’s budget.
- There are sufficient funds in the proposed 2023–24 school year budget to fund negotiated contractual settlements, some of which have already been negotiated and some of which are expected to be settled in the 2023–24 school year.
- **The district has instituted new financial software during the 2022–2023 school year that has the capacity for seamless integration between the Human Resource Department and the Business Office. Levels of staffing for associated payroll codes must be aligned. All salary budget lines have been moved forward based on historical financial data. There is a high degree of confidence that sufficient money to meet all payroll needs have been budgeted. However, to date, the Human Resources Department has NOT provided the salary/position report. This results in a major lack of internal checks and balances. The fiscal monitor has requested the salary/positional report numerous times since September 2022 to no avail. The integration between the Business Office and the Human Resources Office must be rectified to ensure proper internal controls, This constitutes both a violation of plan and proper Budgeting controls.**

**Proposed Capital Projects (Subject to Voter Approval)**

	<u>Project Total</u>
Playgrounds (11)	\$3,300,000
Athletic Flooring Replacement	\$3,644,322
Bleacher Replacement	\$1,661,487
RHS Auditorium ADA Renovations	\$1,051,788
Equipment (B&G, Capital)	\$ 342,403
Total 2023–2024 Transfer to Capital	\$10,000,000

- There is \$10 million budgeted for capital projects and equipment that is subject to voter approval and includes support for special education services, handicapped accessibility, and the renovation of secondary instructional areas for physical education. Among renovations proposed to be made are ones pertaining to Americans with Disabilities Act (ADA) accessibility, bleacher replacement, and gym floor replacement.
- In the event that voters reject the proposed 2023-24 school year budget, the elimination of the capital projects will meet the requirements of a zero percent tax levy increase in contingency budget. The cost of capital improvements increases each year due to higher labor and materials costs. Capital projects are subject to voter approval. In the event that the voters defeat the proposed budget, then the capital projects will need to be removed.

**Curricular and Instructional Highlights**

- The budget maintains 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. The budget does so by allocating sufficient funds for professional staff; support staff; professional development; contract services; and projected increases in the cost of transportation based on increased student enrollment plus higher costs of contract services for transportation. In the Secondary After School Academy, the established Extended School Year Afterschool Academic Academy, Empire After School Program, and Extended Learning Time will be the district’s opportunity to carry over the themes of the summer in each K-8 school while holding firm to the focus on math and English language arts/literacy learning time across all sites, dependency on future funding sources. This program will carry forward into the 2023-2024 school year, and enhancements to programs will be considered based on funding and staffing.
- A budget defeat will also restrict the use of district property, such as summer use of the district fields and buildings by outside organizations as there will be limited funds to pay the overtime costs associated with such use. The order of priority for summer activities are:
  - 1) Meeting In-District Instructional Needs
  - 2) Meeting Capital Construction Needs and Timeline
  - 3) Recreational Activities

**Fund Balances**

Fund balance is the total accumulation of operating surpluses and deficits since the beginning of the School District Fiscal Year - July 1, 2022, thru June 30, 2023. The Fund Balance Formula is: Fund Balance = Assets – Liabilities.

**PROPOSED DISTRICT FUND BALANCE RESERVES: JUNE 30, 2023**

**AMOUNTS TO BE FINALIZED UPON COMPLETION OF JUNE 30, 2023, AUDIT**  
**Establishment of Reserves (subject to board approval)**

<b><u>Establish Emergency Repair Reserve</u></b>	<b><u>\$ 2,000,000</u></b>
<b><u>Establish ERS Reserve</u></b>	<b><u>\$ 6,000,000</u></b>
<b><u>Establish Workers' Compensation Reserve</u></b>	<b><u>\$ 1,000,000</u></b>
<b><u>Establish TRS Reserve</u></b>	<b><u>\$ 2,000,000</u></b>
<b><u>Total Reserves</u></b>	<b><u>\$ 11,000,000</u></b>

- There is a daily review of every budgetary line item to ensure that there are sufficient funds to establish yearend reserves. The school budget must be well-managed in order to create reserves that can mitigate future fiscal uncertainties.
- As the ERCSD Fiscal Year-End June 30, 2021, Financial Audit reflected a deficit of
- (\$22,352,946), the district took steps to institute long-term sound financial practices, such as using prior year expenditures as a basis for the development of the proposed 2022–23 school year budget. Prior year budgets were balanced, due to the infusion of the Federal stimulus monies.
- The district projects that the June 30, 2023 - Unassigned Fund Balance will be approximately \$10 million. Current year revenues are projected to exceed current year expenditures.
- The district has taken a very conservative approach to the development of the proposed 2023–24 school year budget. The ERCSD historically has not maintained any reserves in recent years. The intent of the line-by-line budget review is to ensure that yearend reserves are established. The district’s goal is to have established by June 2023 the maximum allowable 4% unassigned fund balance.
- Unassigned fund balance – New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a district can retain to no more than 4% of the district’s budget for the general fund for the ensuing fiscal year. Non-spendable and the restricted fund balance of the general fund is excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation, which is the law.



## Five-Year Budget Analysis

The table below shows the district's actual expenditures and revenues and expenditures for the 2018-19 school years and the projected expenditures and revenues for the 2022-23 school year.

	ACTUAL REVENUE/EXPENDITURE							PROJECTION
	2018-2019	2019-2020	%	2020-2021	%	2021-2022	%	2022-2023
<b>REVENUE</b>								
Local Tax Levy	\$151,461,007	\$154,490,227	-2.00%	\$154,490,227	0.00%	\$154,490,227	0.00%	\$154,490,227
Local Misc Rev	\$3,989,969	\$3,179,485	20.31%	\$2,904,657	-8.64%	\$1,952,403	-32.78%	\$6,790,049
State	80,653,237	81,961,930	-1.62%	53,946,106	-34.18%	91,621,353	69.84%	102,451,214
Federal	1,148,625	1,253,589	-9.14%	4,887,803	289.90%	11,717,067	139.72%	7,408,819
Transfers In	375,975	53,055	0.00%	53,218	0.31%		-100.00%	53,055
<b>TOTAL REVENUE</b>	<b>237,628,813</b>	<b>240,938,286</b>		<b>216,282,011</b>		<b>259,781,050</b>		<b>271,193,364</b>
<b>EXPENDITURES</b>								
Salary and Bene	157,839,268	159,815,387	-1.25%	161,877,682	1.29%	133,581,903	-17.48%	140,152,649
Other	80,600,841	74,133,317	8.02%	92,693,166	25.04%	99,938,840	7.82%	106,862,721
<b>TOTAL EXP</b>	<b>238,440,109</b>	<b>233,948,704</b>		<b>254,570,848</b>		<b>233,520,743</b>		<b>247,015,370</b>
<b>SURPLUS/DEFECIT</b>	<b>(811,296)</b>	<b>6,989,582</b>		<b>(38,288,837)</b>		<b>26,260,307</b>		<b>24,177,994</b>
<b>BEG FUND BAL</b>	<b>10,141,083</b>	<b>9,329,787</b>		<b>16,319,369</b>		<b>(21,969,468)</b>		<b>4,290,839</b>
<b>Y E BALANCE*</b>	<b>\$9,329,787</b>	<b>\$16,319,369</b>		<b>-\$21,969,468</b>		<b>\$4,290,839</b>		<b>\$28,468,833</b>
<b>BAL AS % OF EXP</b>	<b>3.91%</b>	<b>6.98%</b>		<b>-8.63%</b>		<b>1.84%</b>		<b>11.53%</b>

The district has prepared three fiscal models that provide a five-year projection, the first based on a 1.99% tax levy increase annually for the next five years. This model includes funding for capital projects and equipment in each of the next five years. The second fiscal model is based on a zero tax levy increase annually for the each of the next five years. The third fiscal model reflects a balanced budget, which requires 4% tax levy increase and a 3% State Aid increase, absent which the district would not make draconian reductions in expenditures

## Projected Revenues and Expenditures to June 30, 2028

**Model 1: Five Year Projection Using a 1.99% Tax Levy increase for the next five years (requires positive voter approval for five consecutive years); the negative projected June 30, 2028, fund balance is estimated to be – (\$40,047,088)**

The model projects approximately \$3 million in additional tax revenue annually for the next five years.

	BUDGET			PROJ BUDGET			PROJ BUDGET		
	2023-2024	DOLLAR CHG	""%	2025	DOLLAR CHG	""%	2026	DOLLAR CHG	""%
<b>REVENUE</b>									
*Local Tax Levy	\$157,564,583	\$3,074,356	1.99%	\$160,700,118	\$3,135,535	1.99%	\$163,898,051	\$3,197,932	1.99%
Local Misc Rev	\$5,106,551	-\$1,683,498	-24.79%	\$5,208,171	\$101,620	1.99%	\$5,311,814	\$103,643	1.99%
State	134,835,929	32,384,715	31.61%	135,000,000	164,071	0.12%	135,000,000	0	0.00%
Federal	1,120,000	(6,288,819)	-84.88%	\$1,142,288	22,288	1.99%	\$1,165,020	\$22,732	1.99%
Transfers In	53,055	0	0.00%	53,055	0	0.00%	53,055	0	0.00%
<b>TOTAL REVENUE</b>	<b>298,680,118</b>	<b>27,486,754</b>	<b>10.14%</b>	<b>302,103,633</b>	<b>3,423,515</b>	<b>1.15%</b>	<b>305,427,939</b>	<b>3,324,306</b>	<b>1.10%</b>
<b>EXPENDITURES</b>									
Salary/ Benefits	172,778,579	32,625,930	23.28%	182,595,443	9,816,863.67	5.68%	188,728,699	6,133,256	3.36%
*Other	125,901,539	19,038,818	17.82%	125,232,723	-668,816	-0.53%	129,697,292	4,464,569	3.57%
<b>TOTAL EXPENDITURES</b>	<b>298,680,118</b>	<b>51,664,748</b>	<b>20.92%</b>	<b>307,828,165.63</b>	<b>9,148,047.63</b>	<b>3.06%</b>	<b>318,425,990</b>	<b>10,597,825</b>	<b>3.44%</b>
<b>SURPLUS/DEFECIT</b>	<b>0</b>			<b>(5,724,533)</b>			<b>-12,998,051</b>		
<b>BEG FUND BALANCE</b>	<b>28,468,833</b>			<b>28,468,833</b>			<b>22,744,300</b>		
<b>YEAR END BALANCE*</b>	<b>\$28,468,833</b>			<b>\$22,744,300</b>			<b>\$9,746,248</b>		
<b>BAL AS % OF EXP</b>	<b>9.53%</b>			<b>7.39%</b>			<b>3.06%</b>		
<b>FUND BALANCE AS #</b>	<b>1.14</b>			<b>0.89</b>			<b>0.37</b>		

CONT.

	PROJ BUDGET			PROJ BUDGET		
	2027	DOLLAR CHG	***%	2028	DOLLAR CHG	***%
<b>REVENUE</b>						
*Local Tax Levy	\$167,159,622	\$3,261,571	1.99%	\$170,486,098	\$3,326,476	1.99%
Local Misc Rev	\$5,417,519	\$105,705	1.99%	\$5,525,328	\$107,809	1.99%
State	135,000,000	0	0.00%	135,000,000	0	0.00%
Federal	\$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%
<b>TOTAL REVENUE</b>	<b>308,818,399</b>	<b>3,390,460</b>	<b>1.11%</b>	<b>312,276,330</b>	<b>3,457,930</b>	<b>1.12%</b>
<b>EXPENDITURES</b>						
Salary/ Benefits	195,072,168	6,343,469	3.36%	201,633,306	6,561,138	3.36%
*Other	134,525,352	4,828,061	3.72%	139,657,238	5,131,886	3.81%
<b>TOTAL EXPENDITURES</b>	<b>329,597,521</b>	<b>11,171,530</b>	<b>3.51%</b>	<b>341,290,544</b>	<b>11,693,023</b>	<b>3.55%</b>
<b>SURPLUS/DEFECIT</b>	<b>-20,779,121</b>			<b>-29,014,214</b>		
<b>BEG FUND BALANCE</b>	<b>9,746,248</b>			<b>(11,032,873)</b>		
<b>YEAR END BALANCE*</b>	<b>-\$11,032,873</b>			<b>-\$40,047,088</b>		
<b>BAL AS % OF EXP</b>	<b>-3.35%</b>			<b>-11.73%</b>		
<b>FUND BALANCE AS #</b>	<b>-0.40</b>			<b>-1.41</b>		

Notes:

- This projection includes a 1.99% increase in tax levy revenue and \$10 million for capital project expenditures each year (i.e., the 2023–2024 school year through the 2027–28 school year).
- It is estimated that the buildings conditions survey will identify approximately \$300 million in needed work. The architects and engineers shall finalize the survey during the next several months.
- An increase in the tax levy at a rate of 1.99% will be insufficient beginning in the 2024–2025 school year to support necessary capital projects due to the projected deficit.
- The deficits projected to begin in the 2026–27 would require the district’s plan to be completely rewritten to reflect that to close the deficit the district would be required to increase class sizes significantly and eliminate almost all personnel positions to support non-

mandated programs and services for students. Please see Model 3 for details on possible expenditure reductions.

**Model 2: Five Year Projection Using a 0% Tax Levy increase With No Capital Projects or Equipment Purchases Permitted. The negative projected June 30, 2028, fund balance is estimated to be – (\$44,330,068)**

This financial model projects continual voter defeats for the next five years.

	BUDGET			PROJ BUDGET			PROJ BUDGET			PROJ BUDGET			PROJ BUDGET		
	2023-2024	DOLLAR CHG	%	2025	DOLLAR CHG	%	2026	DOLLAR CHG	%	2027	DOLLAR CHG	%	2028	DOLLAR CHG	%
<b>REVENUE</b>															
Local Tax Levy	\$154,490,227	\$0	0.00%	\$154,490,227	\$0	0.00%	\$154,490,227	\$0	0.00%	\$154,490,227	\$0	0.00%	\$154,490,227	\$0	0.00%
Local Misc Rev	\$5,106,551	-\$1,683,498	-24.79%	\$5,208,171	\$101,620	1.99%	\$5,311,814	\$103,643	1.99%	\$5,417,519	\$105,705	1.99%	\$5,525,328	\$107,809	1.99%
State	134,835,929	32,384,715	31.61%	135,000,000	164,071	0.12%	135,000,000	0	0.00%	135,000,000	0	0.00%	135,000,000	0	0.00%
Federal	1,120,000	(6,288,819)	-84.88%	\$1,142,288	22,288	1.99%	\$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%	53,055	0	0.00%	53,055	0	0.00%
<b>TOTAL REVENUE</b>	<b>295,605,762</b>	<b>24,412,398</b>	<b>9.00%</b>	<b>295,893,741</b>	<b>287,979</b>	<b>0.10%</b>	<b>296,020,116</b>	<b>126,374</b>	<b>0.04%</b>	<b>296,149,004</b>	<b>128,889</b>	<b>0.04%</b>	<b>296,280,458</b>	<b>131,454</b>	<b>0.04%</b>
<b>EXPENDITURES</b>															
Salary and Benefits Costs	172,778,579	32,625,930	23.28%	182,595,443	9,816,863.67	5.68%	188,728,699	6,133,256	3.36%	195,072,168	6,343,469	3.36%	201,633,306	6,561,138	3.36%
Other	122,827,183	15,964,462	14.94%	115,232,723	-7,594,460	-6.18%	119,697,292	4,464,569	3.87%	124,525,352	4,828,061	4.03%	129,657,238	5,131,886	4.12%
<b>TOTAL EXPENDITURES</b>	<b>295,605,762</b>	<b>48,590,392</b>	<b>19.67%</b>	<b>297,828,165.63</b>	<b>2,222,403.63</b>	<b>0.75%</b>	<b>308,425,990</b>	<b>10,597,825</b>	<b>3.56%</b>	<b>319,597,521</b>	<b>11,171,530</b>	<b>3.62%</b>	<b>331,290,544</b>	<b>11,693,023</b>	<b>3.66%</b>
<b>SURPLUS/DEFICIT</b>	<b>0</b>			<b>(1,934,424)</b>			<b>-12,405,875</b>			<b>-23,448,516</b>			<b>-35,010,086</b>		
<b>INNING FUND BALANCE</b>	<b>28,468,833</b>			<b>28,468,833</b>			<b>26,534,408</b>			<b>14,128,533</b>			<b>(9,319,983)</b>		
<b>YEAR END BALANCE*</b>	<b>\$28,468,833</b>			<b>\$26,534,408</b>			<b>\$14,128,533</b>			<b>-\$9,319,983</b>			<b>-\$44,330,068</b>		
<b>BAL AS % OF EXP</b>	<b>9.63%</b>			<b>8.91%</b>			<b>4.58%</b>			<b>-2.92%</b>			<b>-13.38%</b>		
<b>FUND BALANCE AS #</b>	<b>1.16</b>			<b>1.07</b>			<b>0.55</b>			<b>-0.35</b>			<b>-1.61</b>		

Notes:

- This projection includes a 0% increase in tax levy revenue and \$0 for capital project expenditures each year (i.e., the 2023–24 school year through the 2027–28 school year).
- It is estimated that the buildings conditions survey will identify approximately \$300 million in needed work. The architects and engineers shall finalize the survey during the next several months.

- An increase in the tax levy at a rate of 1.99% will be insufficient beginning in the 2024–25 school year to support necessary capital projects due to the projected deficit.
- The deficits projected to begin in the 2026–27 would require the district’s plan to be completely rewritten to reflect that to close the deficit the district would be required to increase class sizes significantly and eliminate almost all personnel positions to support non-mandated programs and services for students. Please see Model 3 for details on possible expenditure reductions.

### **Model 3: Five-year projection in order to achieve a balanced budget**

A school district cannot present a budget to the community and voters that projects a deficit of \$40 million. The monitors would reject an annual budget which is not balanced. Should State aid and tax levy increases do not occur as assumed in this model, then the monitors would recommend that the Commissioner of Education order the district to develop and submit a Budget plan for how outyear deficits will be eliminated.

In order to project a balanced budget, the district has assumed that beginning in the 2024–25 school year State aid will increase at an annual rate of 3 percent and the tax levy will increase at an annual rate of 4 percent. While the assumption regarding State aid is optimistic, such an assumption is not unreasonable. However, given the district’s recent history of having its budgets defeated, even though they typically included tax levy increase of less than 4 percent, annual increases of 4 percent will only occur with a sea change in the attitude of voters in regard to the need to support the education of public school students in the district.

	BUDGET			PROJ BUDGET		
	2023-2024	DOLLAR CHG	%%	2025	DOLLAR CHG	%%
<b>REVENUE</b>						
Local Tax Levy	\$157,564,583	\$3,074,356	1.99%	\$163,867,166	\$6,302,583	4.00%
Local Misc Rev	\$5,106,551	-\$1,683,498	-24.79%	\$5,208,171	\$101,620	1.99%
State	134,835,929	32,384,715	31.61%	\$138,881,007	4,045,078	3.00%
Federal	1,120,000	(6,288,819)	-84.88%	\$1,142,288	22,288	1.99%
Transfers In	53,055	0	0.00%	53,055	0	0.00%
<b>TOTAL REVENUE</b>	<b>298,680,118</b>	<b>27,486,754</b>	<b>10.14%</b>	<b>309,151,688</b>	<b>10,471,570</b>	<b>3.51%</b>
<b>EXPENDITURES</b>						
Salary and Benefits Costs	172,778,579	32,625,930	23.28%	182,595,443	9,816,863.67	5.68%
Other	125,901,539	19,038,818	17.82%	125,232,723	-668,816	-0.53%
<b>TOTAL EXPENDITURES</b>	<b>298,680,118</b>	<b>51,664,748</b>	<b>20.92%</b>	<b>307,828,165.63</b>	<b>9,148,047.63</b>	<b>3.06%</b>
<b>SURPLUS/DEFECIT</b>	<b>0</b>			<b>1,323,522</b>		
<b>BEGINNING FUND BALANCE</b>	<b>28,468,833</b>			<b>28,468,833</b>		
<b>YEAR END BALANCE*</b>	<b>\$28,468,833</b>			<b>\$29,792,355</b>		
<b>BALANCE AS% OF EXPENDITURES</b>	<b>9.53%</b>			<b>9.68%</b>		
<b>FUND BALANCE</b>	<b>1.14</b>			<b>1.16</b>		

	PROJ BUDGET			PROJ BUDGET		
	2026	DOLLAR CHG	%%	2027	DOLLAR CHG	%%
<b>REVENUE</b>						
Local Tax Levy	\$170,421,853	\$6,554,687	4.00%	\$177,238,727	\$6,816,874	4.00%
Local Misc Rev	\$5,311,814	\$103,643	1.99%	\$5,417,519	\$105,705	1.99%
State	\$143,047,437	4,166,430	3.00%	\$147,338,860	4,291,423	3.00%
Federal	\$1,165,020	\$22,732	1.99%	\$1,188,203	23,184	1.99%
Transfers In	53,055	0	0.00%	53,055	0	0.00%
<b>TOTAL REVENUE</b>	<b>319,999,179</b>	<b>10,847,491</b>	<b>3.51%</b>	<b>331,236,365</b>	<b>11,237,186</b>	<b>3.51%</b>
<b>EXPENDITURES</b>						
Salary and Benefits Costs	188,728,699	6,133,256	3.36%	195,072,168	6,343,469	3.36%
Other	129,697,292	4,464,569	3.57%	134,525,352	4,828,061	3.72%
<b>TOTAL EXPENDITURES</b>	<b>318,425,990</b>	<b>10,597,825</b>	<b>3.44%</b>	<b>329,597,521</b>	<b>11,171,530</b>	<b>3.51%</b>
<b>SURPLUS/DEFECIT</b>	<b>1,573,188</b>			<b>1,638,844</b>		
<b>BEGINNING FUND BALANCE</b>	<b>29,792,355</b>			<b>31,365,543</b>		
<b>YEAR END BALANCE*</b>	<b>\$31,365,543</b>			<b>\$33,004,387</b>		
<b>BALANCE AS% OF EXPENDITURES</b>	<b>9.85%</b>			<b>10.01%</b>		
<b>FUND BALANCE</b>	<b>1.18</b>			<b>1.20</b>		



<b>PROJ BUDGET</b>			
	<b>2028</b>	<b>DOLLAR CHG</b>	<b>%</b>
<b>REVENUE</b>			
Local Tax Levy	\$184,328,276	\$7,089,549	4.00%
Local Misc Rev	\$5,525,328	\$107,809	1.99%
State	\$151,759,026	4,420,166	3.00%
Federal	\$1,211,849	23,645	1.99%
Transfers In	53,055	0	0.00%
<b>TOTAL REVENUE</b>	<b>342,877,534</b>	<b>11,641,169</b>	<b>3.51%</b>
<b>EXPENDITURES</b>			
Salary and Benefits Costs	201,633,306	6,561,138	3.36%
Other	139,657,238	5,131,886	3.81%
<b>TOTAL EXPENDITURES</b>	<b>341,290,544</b>	<b>11,693,023</b>	<b>3.55%</b>
<b>SURPLUS/DEFECIT</b>	<b>1,586,990</b>		
<b>BEGINNING FUND BALANCE</b>	<b>33,004,387</b>		
<b>YEAR END BALANCE*</b>	<b>\$34,591,376</b>		
<b>BALANCE AS% OF EXPENDITURES</b>	<b>10.14%</b>		
<b>FUND BALANCE</b>	<b>1.22</b>		

### **Balanced Budget Notes**

#### **REVENUE**

- This model assumes that beginning with the 2024–2025 school year State aid will increase annually at a rate of 3%; the tax levy will increase at an annual rate of 4%; and beginning with the 2023–24 school year budget, \$10 million will be sent aside annual for capital projects.
- It is estimated that the building conditions survey will identify approximately \$300 million in needed work. The architects and engineers will finalize the survey in the next several months.
- If these levels of increase in State aid and the tax levy materialize, the district will be able to maintain the district’s educational program and remain fiscally stable during the five-year projection period.

## **EXPENDITURES**

This model makes the same expenditure assumptions as are made in the first model, which was based on an annual tax levy increase of 1.99% and an annual expenditure of \$10 million for capital projects. In the event that neither State aid nor the tax levy increases beginning in the 2024–2025 school year, then by the 2027-2028 school year, the district will be required to implement the following expenditure reductions in order to maintain balanced budgets:

- 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.

If these reductions were to be implemented, 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 that educational outcomes for the students attending schools in the district increased.

## **Building Condition Survey**

It must be noted that none of the above models provides sufficient resources to address fully the anticipated findings of the Building Condition Survey, which is expected to estimate that the cost of needed repairs, renovations, and improvements to district facilities is nearly \$300 million. Most of these construction items are permitted to be bonded over their useful life, typically 20 years. However, a long-term bond requires voter approval. As past history has shown, the community struggles to pass the annual budget. Should the voters not approve a future bond issue to address the survey findings, school buildings will continue to deteriorate.

The draft Building Condition Survey is anticipated to be presented to the board and community within the next several months.

### **Challenges facing East Ramapo Central School District:**

The district faces a number of challenges in its efforts to make sustained improvements in student outcomes and achieve long-term fiscal stability:

- The district is in dire need of State assistance in dealing with the district's ever-increasing transportation costs. Transportation expenses have increased by over \$20 million during the last few years. This is due to a combination of increased costs and increased enrollment (both public and nonpublic students). In 2027, a requirement that new school bus purchases be zero emissions vehicles will come into effect and exacerbate the situation, as contractors will pass on the expenses to school districts, and State Transportation Aid will not cover the full cost of meeting this mandate. This is not a sustainable situation for the district.
- The district has taken many steps to control transportation costs. One initiative has been to compare the transportation student database to the district student database. This has ensured the two databases are aligned. Over time, transportation will represent an ever-increasing percentage of the district's total expenditures. If this trend is not ameliorated, there will be reductions in instructional programs that will undermine the ability of the district to effectively implement its long-term strategic academic improvement plan. There are not sufficient funds within the General Fund operational programs to match the growth of transportation expenses.
- The district is aware of the fiscal challenges ahead and understands the importance of implementing sound business practices to ensure long-term fiscal sustainability. The district will ensure prudent fiscal management is used to return expenditures to the General Fund when the COVID-response funds are no longer available. The district anticipates approximately \$35 million annually in expenditures to return to the General Fund that are recurring costs. This does not include onetime costs, such as the \$90 million in capital construction projects. The district recognizes the General Fund expenditures must be reduced or General Fund Revenue must be increased in order to balance future budgets. Due to the increase in Foundation Aid, an annual fund balance deficit has been forestalled for a few years. Ensuring long-term fiscal stability must be a concerted districtwide effort. The aim is for district leadership to provide recommendations to reduce the districtwide expense budget by increasing personnel and program efficiencies following a budget efficiency strategy process similar to what was detailed in the Budget Efficiency and Reductions (described on Page 5) This process must continue. The budget efficiency strategy has begun with a review of all non-instructional programs (e.g., athletics, extracurricular, co-curricular), prior to reviewing non-mandated instructional programs (e.g., the arts, music) and reductions to personnel. Beginning with the 2024-25 school year budget, efficiencies and reductions must continue, and specific program and personnel reductions will need to be identified and communicated based on available revenues and necessary expenditures.
- As the Federal coded expenditures return to the General Fund, other areas in the General Fund will need to be reduced or equal amounts of additional revenue must be secured. Personnel efficiencies must occur in all departments districtwide. Opportunities for expenditure reductions at every level have been and are currently being explored to ensure long-term fiscal sustainability. In particular, contracts with external partners are being analyzed and terminated as capacity is built within the district. For the external partners that support academic, social-emotional, and attendance goals, the district will review inputs,

outputs, and applicable short-term, intermediate, and long-term outcomes, with attention to performance measures of effort and impact/effect. Additionally, the master schedule for teachers at all grade levels is being closely scrutinized so as to ensure that teachers are utilized fully, in accordance with their contract and student needs.

- The maximization of all revenue sources is a top priority for fiscal management. The current fiscal leaders of the district must ensure Business Office staff are properly trained to maximize all revenue sources for the district.
- Newly enrolled students are requiring more English language learner (ELL) services, as over 54% of district enrollment are students who do not speak English as their native language. The proposed 2023-24 school year budget contains monies for enrollment growth similar to that experienced in the 2022-23 school year. As the district hires new staff, bilingual candidates are being encouraged to apply. For monolingual teachers, funds will continue to be directed towards professional development in providing instruction to multilingual students. In addition, the district will complete a review of ELL programming, develop recommendations for improvement, and create a timeline for implementing recommendations.

## **Conclusion**

- The proposed 2023-24 school year budget is balanced; however, the proposed budget is not in alignment with the Long-Term Strategic Academic and Fiscal Plan due to the lack of the Personnel information not provided to the Business office.
- The district has instituted new financial software during the 2022-2023 school year that has the capacity for seamless integration between the Human Resource Department and the Business Office. However, to date, the Human Resources Department has **NOT** provided the salary position report to the Business office. This results in a major lack of internal checks and balances and must be rectified.
- Voter approval of the 2023-24 school year budget is desperately needed. A zero tax levy increase does not allow the district to keep up with inflation and cost of living increases. The voters have defeated numerous previous budgets that have proposed more than a zero-tax levy increase. This is not sustainable. Garnering community support through community outreach, meetings with all community groups, and providing financial updates at every board meeting is necessary to impress upon the community that the proposed 2023–24 school year budget is of vital importance to the long-term stability of both the academic and fiscal programs.

Consequently, we find that the proposed budget is balanced within the context of revenue and expenditure estimates for mandated programs and expands educational programming for students, but is not aligned to the Long-Term Strategic Academic and Fiscal improvement plan. Therefore, we make the recommendation for the Commissioner of Education direct the district to ensure that the salary/position report be submitted to the Business Office so that all 2023-24 budget salary codes can be verified.

It is imperative the community learn of the many components within the 2023-24 school year budget, which benefits all children within the district. Should the community continue to defeat the annual budget and not approve the increases in the tax levy needed to support the district's

educational programs then the monitors would recommend that the Commissioner use all of the powers entrusted upon the Commissioner to order the district to develop and submit a budget plan for how outyear deficits are to be eliminated.

Sincerely,

*Bruce Singer*

*Mary Fox-Alter*

Bruce Singer  
Fiscal Monitor

Mary Fox  
Academic Monitor

cc: Members of the East Ramapo Board of Education  
James Baldwin  
Jason Harmon  
Angelique Johnson-Dingle  
Ray Giamartino