



Educational Plan & Budget #3

February 23, 2021

Robin Zimmerman, Assistant Superintendent for Business

School District Funding

2021-22 Governor's Proposed Budget

Aid Category	2020-21	2021-22	Change	% Change
Foundation Aid	32,546,434	32,546,434	-	0.0%
Services Aid (<i>see below</i>)	5,135,970	6,403,421	1,267,451	24.7%
Building Aid	3,999,396	3,778,217	(221,179)	-5.5%
Reorganization Incentive Building Aid	-	-		
Reorganization Incentive Operating	-	-		
High Cost Public Excess Cost Aid	1,610,383	1,870,440	260,057	16.1%
Private Excess Cost Aid	865,621	941,018		
Full-Day Kindergarten Conversion Aid	-	-	-	NA
Universal Prekindergarten Aid	764,610	764,610	-	0.0%
Pandemic Adjustment	(1,042,629)	-	1,042,629	-100.0%
STAR	7,017,538	6,842,993	(174,545)	-2.5%
Local District Funding Adjustment	-	(3,214,457)	(3,214,457)	NA
State Subtotal (School Aid and STAR)	50,897,323	49,932,676	(964,647)	-1.9%
Federal CARES Act Restoration	1,042,629	-	(1,042,629)	-100.0%
Federal COVID-19 Supplemental	-	3,214,457	3,214,457	NA
Total Funding, with STAR & Federal	51,939,952	53,147,133	1,207,181	2.3%

Without federal aid for 2021-22, the state would need to increase it's support of School Aid by \$1.13 billion (the statewide total of CARES Act Allocations) just to maintain the current year's level of funding received by school districts.

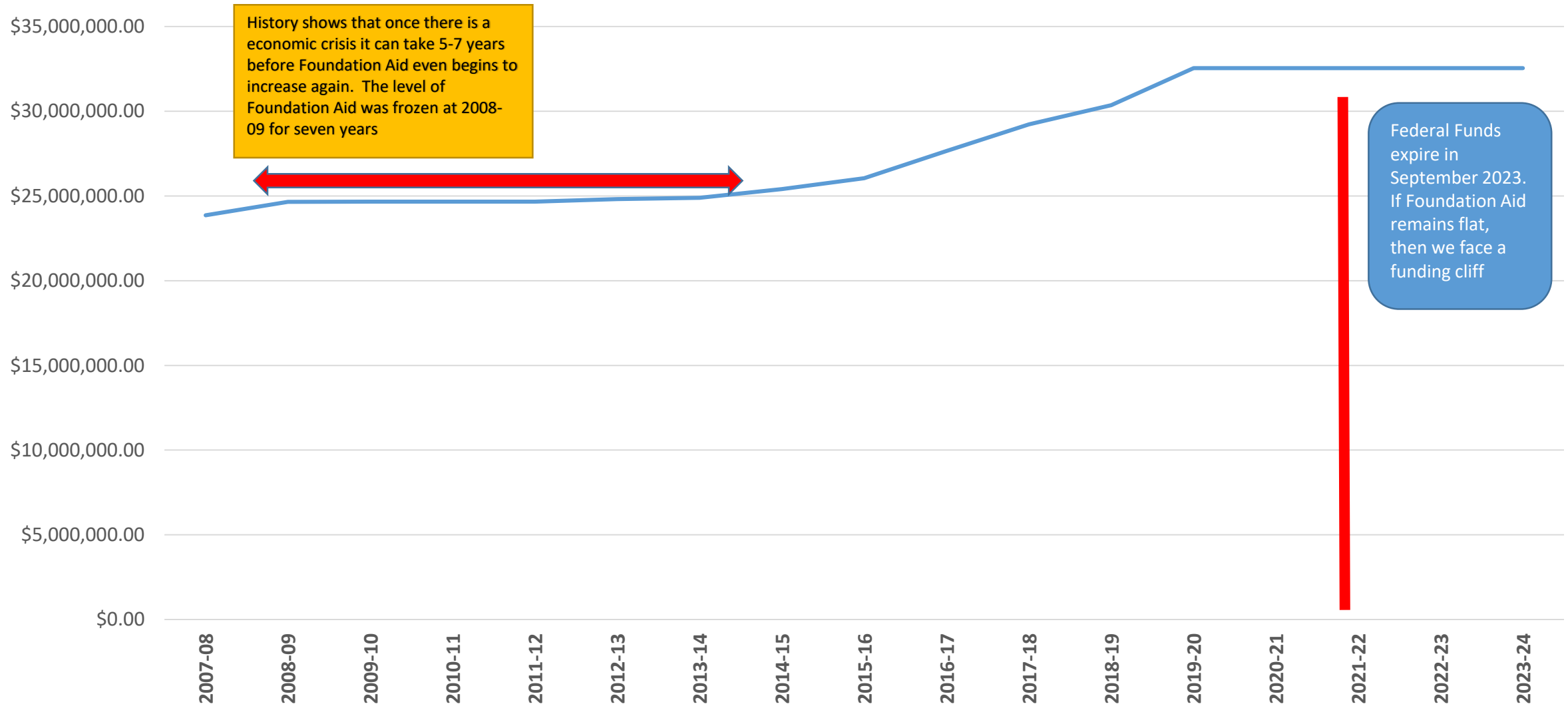
“Services Aid” — analysis of proposal to consolidate 11 formulas into a block grant and cut total funding from what districts are to receive under formulas in current law"

Overstated

Aid Category	2020-21	2021-22 Current Law Formula Amounts	Year-to-Year Change	Yr-to-Yr % Change									
Transportation Aid	1,792,690	3,530,839	1,738,149	97.0%									
BOCES Aid	2,347,526	1,877,740	(469,786)	-20.0%									
Textbook Aid	217,389	213,370	(4,019)	-1.8%									
Software Aid	51,172	50,992	(180)	-0.4%									
Library Materials Aid	19,839	21,275	1,436	7.2%									
Hardware and Technology Aid	59,025	60,876	1,851	3.1%									
Non-BOCES Special Services Aid	-	-	-	NA									
Charter School Transition Aid	-	-	-	NA									
High Tax Aid	613,877	613,877	-	0.0%									
Supplemental Public Excess Cost Aid	34,452	34,452	-	0.0%									
Academic Enhancement Aid	-	-	-	NA									
Current Law Total	5,135,970	6,403,421	1,267,451	24.7%									
2021-22 Services Aid Reduction	-	-	-	NA									
Proposed Services Aid	5,135,970	6,403,421	1,267,451	24.7%									
<table><tr><td rowspan="4">Impact of Services Aid proposal vs. current law formulas</td><td>2021-22 Current Law Aid</td><td>6,403,421</td></tr><tr><td>Proposed 2021-22 Aid</td><td>6,403,421</td></tr><tr><td>Change vs. Current Law</td><td>-</td></tr><tr><td>% Change vs. Current Law</td><td>0.0%</td></tr></table>					Impact of Services Aid proposal vs. current law formulas	2021-22 Current Law Aid	6,403,421	Proposed 2021-22 Aid	6,403,421	Change vs. Current Law	-	% Change vs. Current Law	0.0%
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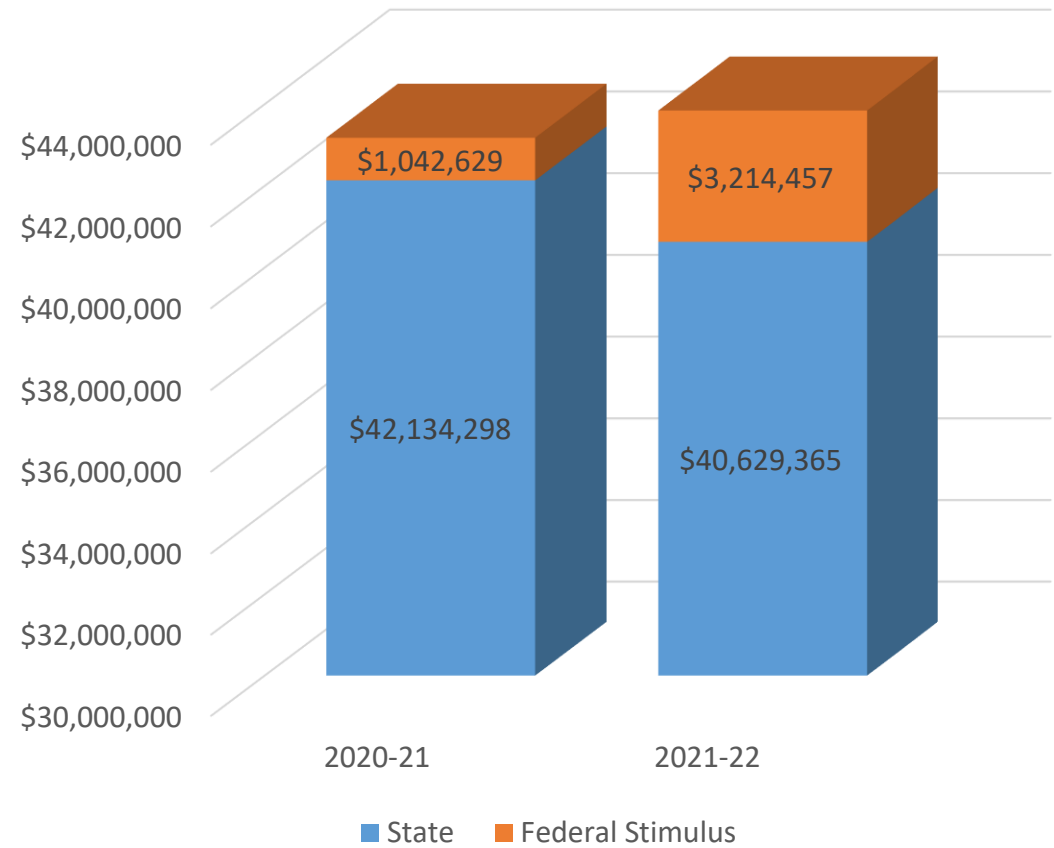
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Foundation Aid Projection



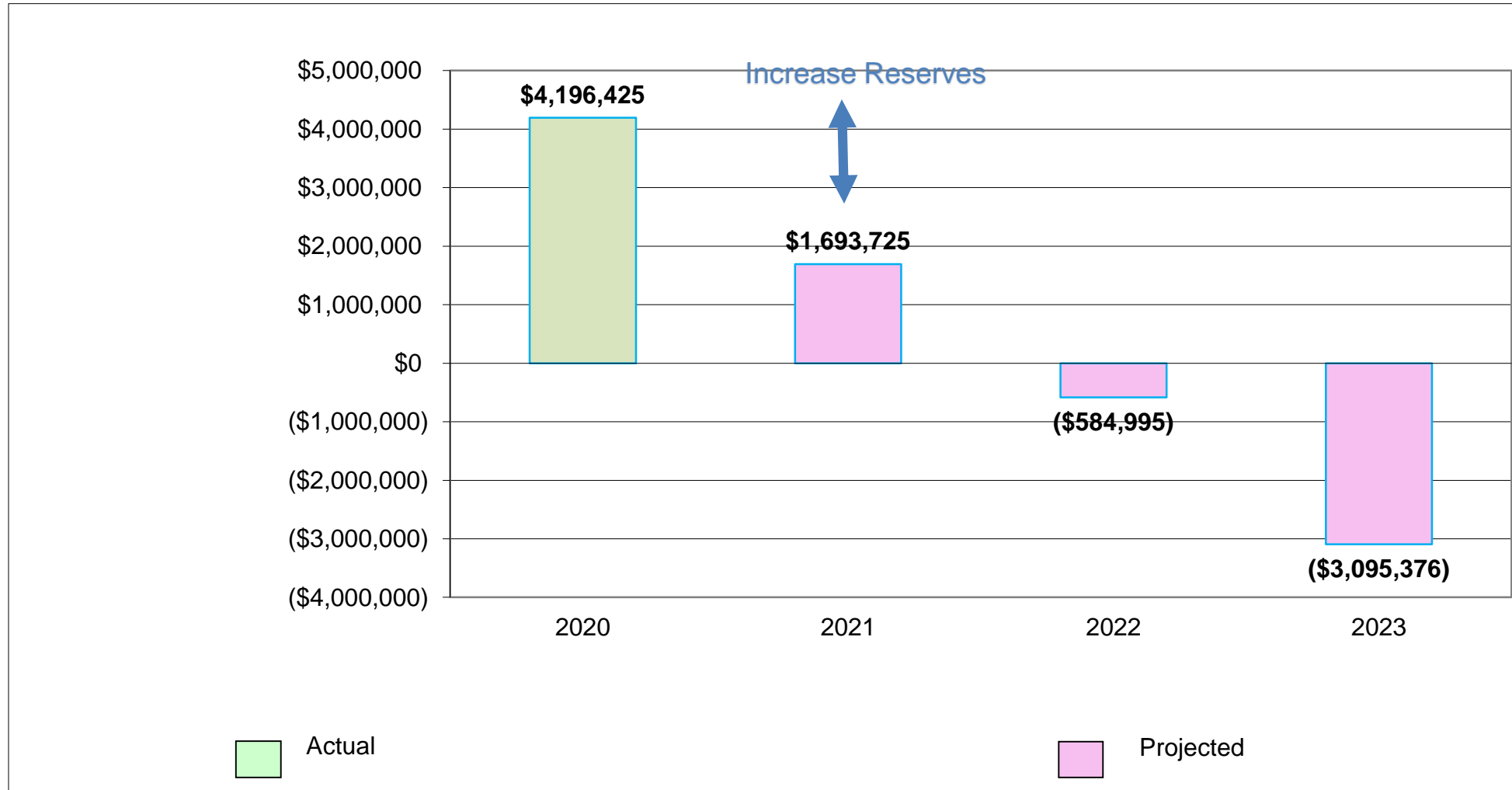
Funding Cliff & Uncertainty

- State Aid is projected to be flat or declining in the coming years and subject to minimum \$6 billion of additional Federal Stimulus
- Federal Stimulus funds are available through September 2023 for COVID-19 related expenses
 - However Instead the federal Stimulus is back filling reductions in state funding.
 - When the stimulus funds expires expenses will be increasing

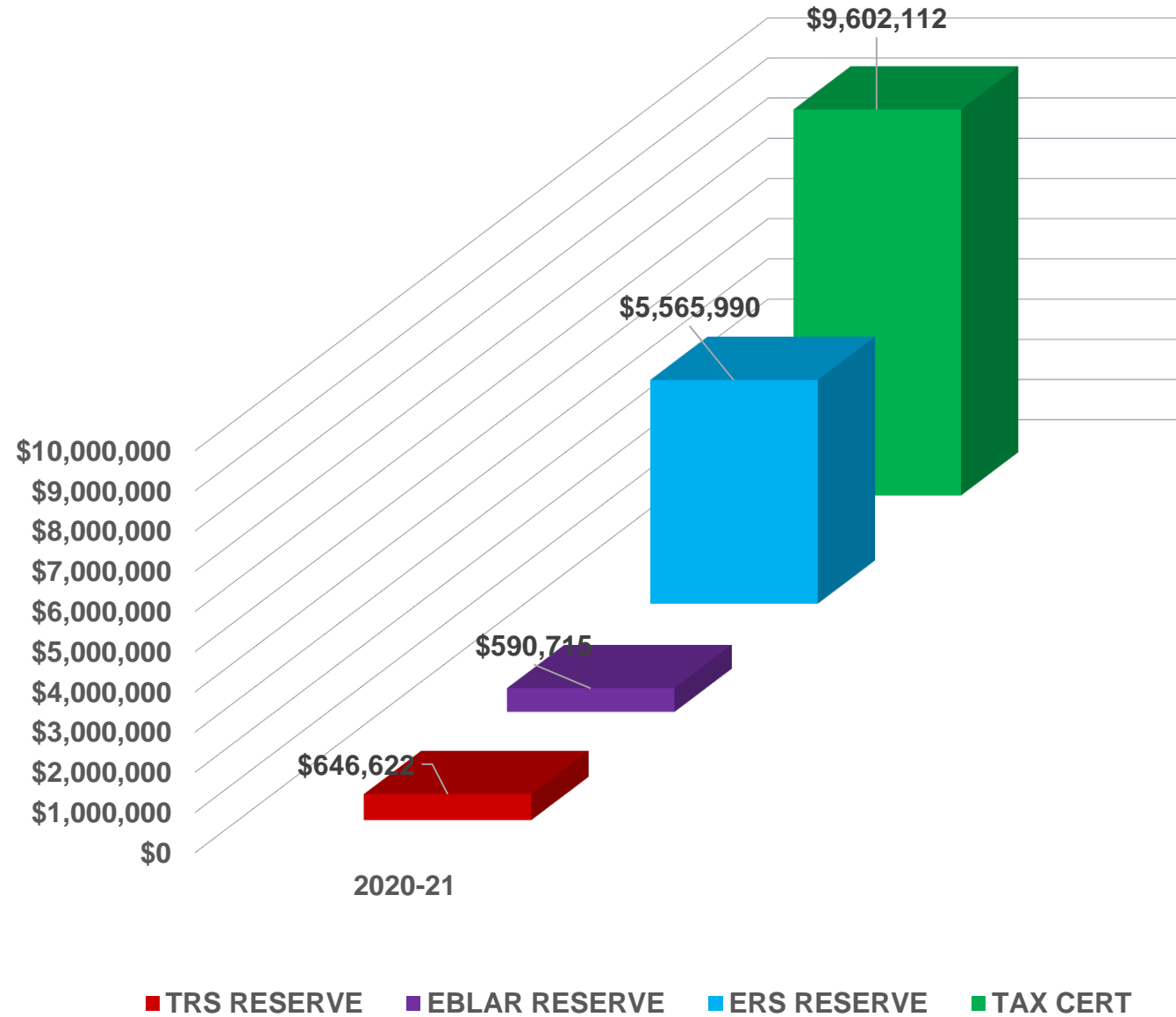


Projected Surplus/Deficit

(Revenues less Expense)



Reserves 2021-22





STAR Programs And How They Impact Schools

Background

The first iteration of the New York State School Tax Relief (STAR) Exemption program was established in 1997. This program, along with its successor the STAR Credit program, provides property tax relief for most owner-occupied, primary residences in New York State.

The STAR Exemption program provides a partial exemption to property owners on their school property taxes, lowering each STAR Exemption enrollee's individual tax bill. The property owners pay their reduced tax bill and the state covers the exemption amount, paying that directly to the school district. New Yorkers over the age of 65 who meet certain income eligibility requirements are also eligible for the STAR Enhanced Exemption, further reducing their tax bill. This increased exemption is also reimbursed directly to school districts.

In 2016, a new program called the STAR Credit program was rolled out to replace the STAR Exemption program. Under this program, property owners pay their full tax bill, with no exemptions. This bill is then offset by the state reimbursing each property owner directly with a STAR Credit payment in line with the benefit they would have received under the STAR Exemption program. Homeowners who purchased their home prior to 2016 are able to remain in the STAR Exemption program; however, those who purchased their home in 2016 or later may only enroll in the STAR Credit program.

Beginning in 2019, homeowners enrolled in the STAR Exemption benefit program will no longer see an annual increase in their exemption amount. Homeowners enrolled in the STAR Credit program will be eligible for up to a 2% increase in their benefit amount year to year.

Executive Budget Proposal

For the first time, the FY 2022 Executive Budget proposal included the state's STAR Exemption payment to school districts in the Executive School Aid runs. This was included because the Executive Budget proposed to reduce state reimbursement school districts receive through the STAR program statewide by \$1.3 billion for FY 2022. This reduction in STAR payments to schools would be backfilled for FY 2022 by utilizing federal funds allocated through the Coronavirus Relief and Response Supplementary Allocation Act.

Utilizing federal funds to supplant current state support to school districts, while assisting districts in their budgeting process for the 2021-2022 school year, poses a threat to school districts' long-term financial health throughout the state. Without additional federal funds in future years, any reductions in STAR Exemption payments would result in a cost shift from the state to local school districts, who would have no way to make up for this lost revenue due to the property tax cap.

A publication of the Association of School Business Officials of New York

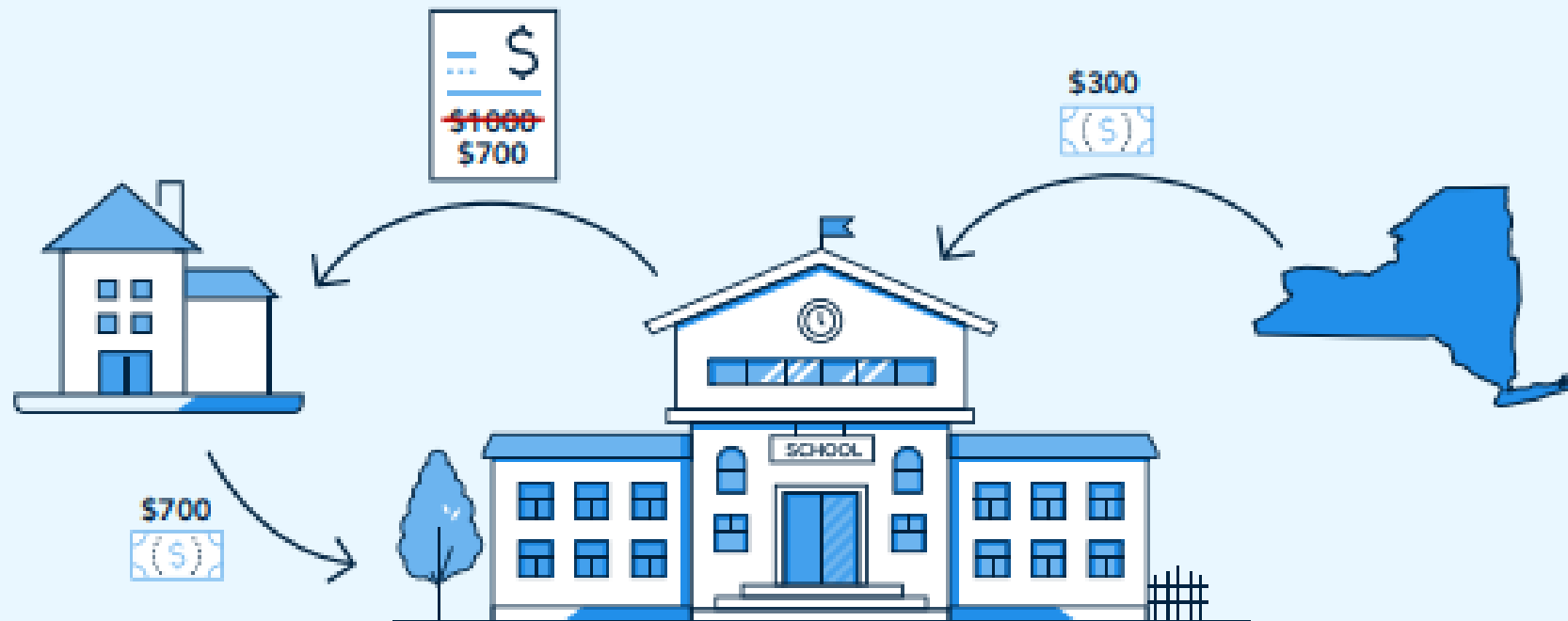
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Understanding STAR

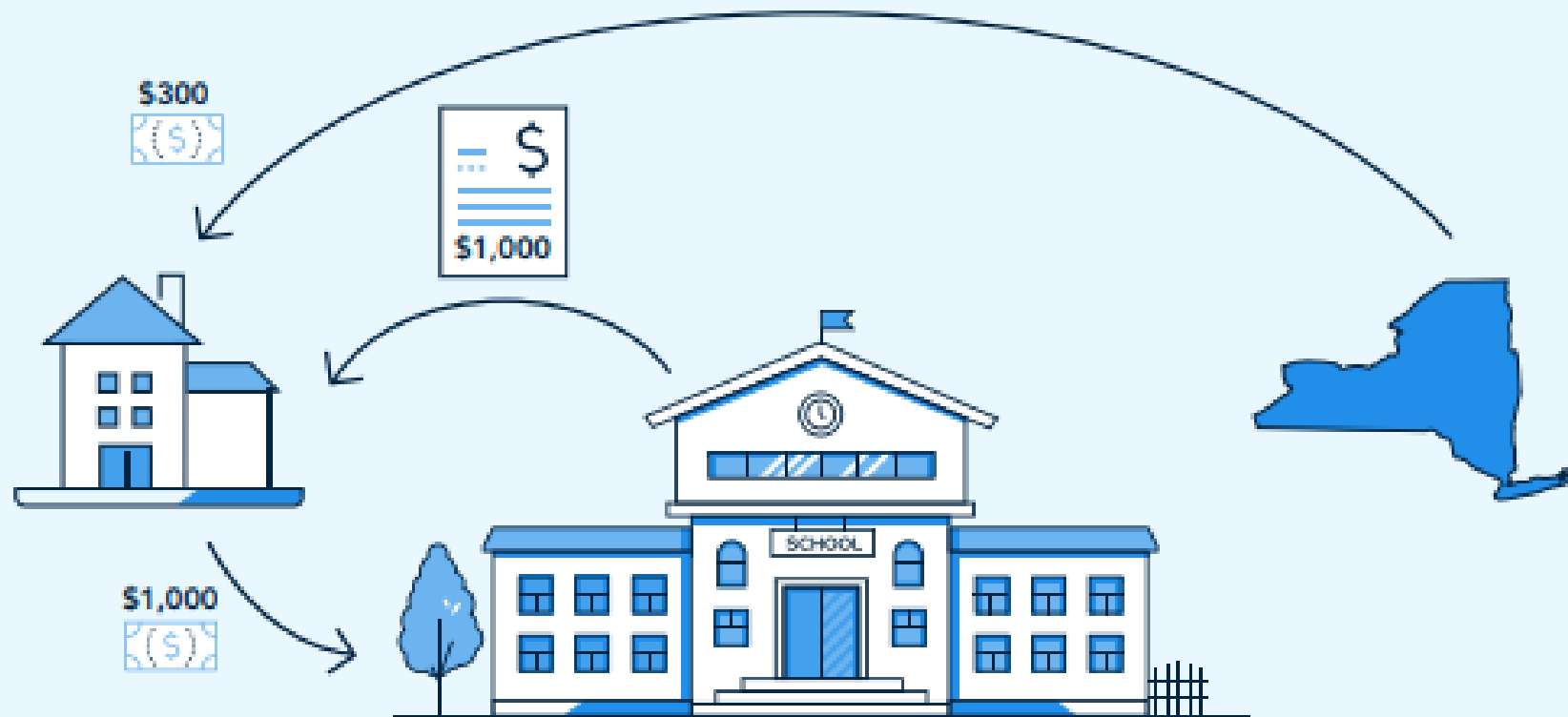
and the Detrimental Impact of the Proposed STAR Exemption Reimbursement Cut



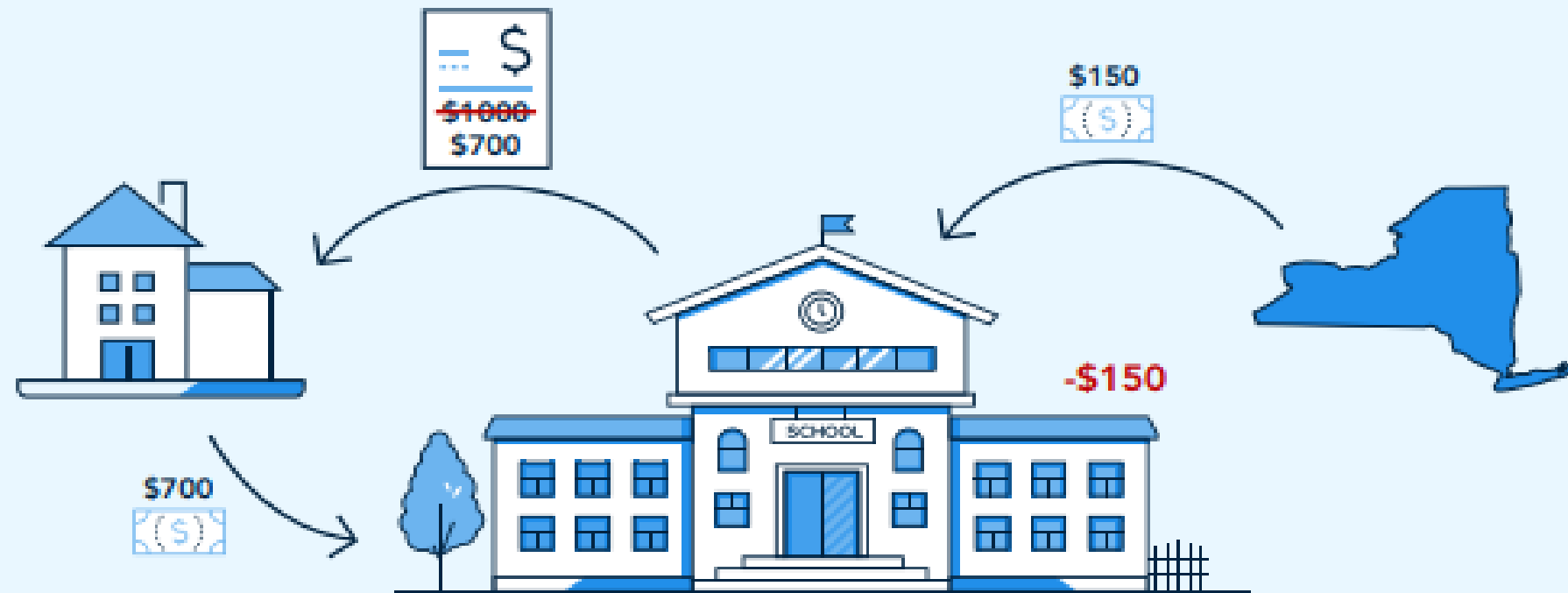
Before STAR: School districts sent levy bill to taxpayers. In this case, if the district needed \$1,000 it would send a bill for that for that amount to the taxpayer.



STAR Exemption: The state will send districts money so they can reduce tax bills. If the district needs \$1,000, the bill to the taxpayer is for \$700 and the state sends the difference (\$300). The taxpayer sees a smaller bill and the school district receives the same funds.



STAR Credit: The school district sends the resident a bill for \$1,000. Before it's due (unless the checks are late), the state sends the resident a check for \$300. The resident then sends the district \$1,000. The taxpayer sees a larger bill but receives state support directly; the district receives the same funds.



STAR Exemption reimbursement cut (proposed): The district sends the resident a \$700 bill and the state sends the district \$150 instead of \$300. The taxpayer sees a smaller bill and the school district receives a net \$850 instead of \$1,000– a cut of \$150 that the district must make up somewhere. For next year, federal money will cover the difference, but after that it will be up to the districts.

Future Budget Meeting Dates

March 16th - Educational Plan & Budget Workshop #4

- Curriculum & Instruction
- Special Education
- Revised Budget “B”

April 20st – Educational Plan & Budget Workshop #5

- Budget Adoption
- BOCES Administrative Budget Vote