



## Assemblyman Joe DeStefano

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### **The financial downturn caused by the COVID-19 outbreak has put tremendous pressure on nearly every institution, especially New York State school districts.**

But the anxieties being felt in nearly every community are not simply because of a funding shortage. They also stem from the uncertainty, lack of clarity, and new protocols found in the recently enacted State Budget.

The final 2020-21 State Budget delivers \$27.4 billion in total School Aid. This is \$95.6 million more than last year. However, state officials included a “Pandemic Adjustment” this year, which amounts to a \$1.1 billion cut in the state’s commitment over 2019.

Fortunately, the federal government provided money through the Coronavirus Aid, Relief & Economic Security (CARES) Act. New York used the federal dollars to make up for the loss of state funding.

New York’s school aid cuts were offset by federal help. But the CARES Act built in a requirement ensuring states maintain a level of financial support for education. The CARES Act stipulates that a state’s education spending cannot fall below its average expenditure of the last three years. If a state cuts more than its three-year average, it loses the CARES Act money.

The CARES Act does include one caveat: States may apply for a federal waiver to make additional cuts (above their three-year average) in the event revenues continue to suffer. Based on its three-year calculation, New York State could potentially cut a total of \$1.6 billion.

Having already cut \$1.1 billion, there’s another potential \$500 million on the chopping block.

And that’s where the uncertainty begins.

Under the newly enacted budget, Gov. Cuomo has unprecedented authority to make additional funding cuts throughout the fiscal year. Based on assessment of incoming revenues and projections, the budget director will have the ability to adjust or reduce spending in any amount needed to maintain a balanced budget.

The governor has used a basic reference to illustrate this new wrinkle: The state may have promised today to pay one dollar. But if revenues continue to slide, the state’s actual payment may only be 90 cents.

The new mid-year budget flexibility comes with only a few basic exemptions, none of which apply to school districts. Programs and circumstances unaffected by mid-year cuts include:

- Public assistance payments for families and individuals and payments for eligible aged, blind, and disabled persons related to supplemental social security.
- Any reductions that would violate federal law.
- Payments of debt service, including where the state has a contingent contractual obligation.
- Payments the state must make from court orders or judgments.

Without question, COVID-19 has caused a financial free-fall. But the possibility of a mid-year budget course-correction has school administrators flying blind.

School districts need information to begin preparing their own 2020-2021 budgets, to engage in necessary planning for short- and long-term projects, and to have a complete picture of their financial status.

As they find themselves at the mercy of the governor’s “budget-on-the-fly” approach, administrators and educators need answers that aren’t easy to find.

- How should they prepare for a potential loss of state aid?
- What should they expect their cut to look like?

- How will cuts be spread across different schools and districts?

In addition, New Yorkers will be voting on school budgets in only a few months. Budget votes that were previously scheduled for May have been moved later in the year. How can residents go into a polling place and make an informed decision without basic funding information and so many unanswered questions?

Across the spectrum of education, the funding process has been turned upside-down, the most important fiscal calculations are still unknown, and the numerous concerns of education professionals are warranted.