



WYANDANCH UNION FREE SCHOOL DISTRICT

Central Administration Building
1445 Dr. Martin L. King, Jr., Boulevard
Wyandanch, New York 11798-3997

BOARD OF EDUCATION

Mr. James Crawford, President
Ms. Latesha Walker, Vice President
Mrs. Shirley Baker, Trustee
Mr. Ronald Fenwick, Trustee
Mr. Jarod Morris, Trustee
Mr. Charlie Reed, Trustee
Mrs. Yvonne Robinson, Trustee

Christian Code
District Clerk
631 870-0405
Fax 631 510-3173

DISTRICT MAIN
(AUTOMATED DIRECTORY)
631 870-0400

CENTRAL ADMINISTRATION

Gina Talbert, Ed.D.
Superintendent of Schools
631 870-0401
Fax 631 491-8539

Kester Hodge
Assistant Superintendent
For Human Resources
631 870-0410
Fax 631 491-1210

Shamika Simpson
Asst. to the Supt. for Curric. & Instr.
631 870-0419
Fax 631 491-1243

Dr. Christine Jordan
Asst. to the Supt. for Administrative &
Educational Accountability
631-870-0415
Fax 631-491-1243

Deodat Somaiah
School Business Official
631 870-0420
Fax 631 491-8510

Carl Baldini
Director of Special Education
631 870-0500
Fax 631 491-8523

SCHOOLS

Wyandanch Memorial High School
54 South 32nd Street
Paul Sibbles, Principal
631 870-0450
Fax 631 491-8525

Milton L. Olive Middle School
140 Garden City Avenue
Darlene White, Ed.D.
Principal
631 870-0525
Fax 631 491-8570

Martin L. King Jr.
Elementary School
792 Mount Avenue
Monique Habersham, Ed.D., Principal
631 870-0555
Fax 631 491-8573

Lafrancis Hardiman
Elementary School
792 Mount Avenue
Monique Habersham, Ed.D., Principal
631 870-0580
Fax 631 491-8572

Lafrancis Hardiman Annex
30 Deforest Road
Dix Hills, NY 11746
Monique Habersham, Ed.D., Principal
631 870-0505
Fax 631 491-8572

October 1, 2020

Mr. Elliott Auerbach, Deputy Comptroller,
Division of Local Government and School Accountability,
State of New York, Office of State Comptroller
110 State Street
Albany, NY 12236
(518) 474-4037

Re: WUFSD Budget Review, Report Number B20-7-7

Mr. Auerbach:

We are in receipt of your report in which the NYS Office of the State Comptroller ("OSC") reviewed the 2020-2021 proposed budget of the Wyandanch Union Free School District ("District"). Chapter 18 of the Laws of 2020, as amended by Chapter 56 of the Laws of 2020, authorized the District to issue serial bonds subject to the provisions of Local Finance Law (LFL) §10.10. Pursuant to LFL §10.10(d), the District must submit to the OSC each year, starting with the fiscal year during which the District is authorized to issue the deficit obligations, and each subsequent fiscal year during which the deficit obligations are outstanding, the District's proposed budget for the next succeeding fiscal year. Thus, as required by law, the District submitted its proposed budget for the 2020-2021 school year which was reviewed by your office.

The District provided documentation in support of its proposed budget to the OSC examiners as requested. After the necessary data was gathered, a final review questionnaire was presented to the District. The final review questionnaire was presented as an opportunity for the District to supplement previously submitted documentation, and the District was led to believe that such additional information would be considered and/or incorporated into the final report. Additionally, there were a series of inquiries posed by the OSC throughout the review process. In response to these follow up questions, District officials responded with thoughtful and detailed explanations that supported the District's analysis that the budget developed for the 2020-2021 school year budget is balanced. Again, the District was under the impression that the final report would reflect these lengthy conversations. Despite several opportunities for the report to reflect the District's substantial documentation and thoughtful processes as such information was communicated to the OSC, the final report issued on July 10, 2020 did not reflect any of the additional information or documentation that the District provided to your office.

The issuance of a report finding that the District's projections for the 2020-2021 school year are not reasonable serves to erode the confidence of the community and fails to present a full picture of the District's stringent efforts in developing a balanced budget. The community recently passed a budget that exceeded the tax cap at a 3.30% tax levy, signifying the trust of voters in the District. The impact of the release of an OSC report that does not fully encompass the District's responses and supporting documentation is far-reaching. It is concerning that a draft or preliminary report was not circulated to any District official, as this would have provided an opportunity to resolve any discrepancies, issues, or other concerns.

To summarize, the District disagrees with the OSC's findings in several areas. As we move forward in fulfilling statutory obligations, the District is hopeful that our officials and your office can work more cohesively in future budgetary reviews.

Sincerely,

A handwritten signature in blue ink that reads "Dr. Gina Talbert". The signature is written in a cursive, flowing style.

Gina D. Talbert, Ed.D
Superintendent of Schools

GT:mrs

Enclosures

Summary of NYS OSC Findings & Responses:

Inquiry: Are the significant revenue and expenditure projections in the district's proposed budget reasonable?

Response: The Wyandanch UFSD believes that the revenue projections for 2020-21 are reasonably estimated based upon NYS Aid Projections and the Property Tax Levy as approved by the voters. The remaining revenue streams are reasonably estimated to be collectible given our conservative approach. As such, we believe our district is properly positioned from a revenue perspective. With regard to the expenditure projections, we believe that our budgetary projections for 2020-21 are reasonably proposed/estimated and, we respectfully are responding to the Office of the New York State Comptroller's findings below:

Guidance, Psychologists, and Social Workers Salaries

Finding: Guidance Counselors, Psychologists and Social Workers – The 2020-21 budget includes appropriations of \$829,799 for teacher salaries in the area of guidance, psychological services and social work services, however, the budget includes only \$1,100 for guidance counselors, \$0 for psychologists and \$1,500 for social workers.

Response: The 2020-21 salaries from the General Fund were budgeted within the proper function codes as "Teacher Salaries, K-6" and "Teacher Salaries, 7-12," respectively. Although these amounts could have more properly been labelled "Guidance Salaries," "Psychologist Salaries," and "Social Worker Salaries," totals of \$501,418, \$223,783, and \$119,929, (a total of \$845,131) were budgeted in Guidance, Psychological Services, and Social Work functions for such salaries. Based on staffing to be paid for under the General Fund, staff costs are projected to total \$813,162, leaving a surplus of \$31,969 in these accounts. OSC should also note that a portion of these salaries are being paid from grants and therefore are not included in the General Fund budget. The deficit stated by OSC of \$1,080,000 does not exist, as all salaries are accounted for.

Health Insurance

Finding: The budget includes appropriations of \$8 million for 2020-21 health insurance. This represents a 0.23 percent increase over the 2019-20 projected actual expenditure, while the NYS Health Insurance Exchange is projecting an 11.9 percent increase in premiums due to the effects of COVID-19 pandemic. Since the district is maintaining its staffing level, it appears that the 2020-21 appropriations for health insurance could be under-budgeted by more than \$930,000. District officials should consider the adequacy of this appropriations and make the budget adjustments, accordingly, to balance the budget.

Response: Actual costs for health insurance in 2019-20 amounted to \$7,081,550, against an adjusted budget of \$7,832,907. In 2020-21, the school district budgeted a total of \$8,000,000. Considering that there was no measurable increase to health (NYSHIP) costs in the calendar 2020 year, and assuming a 12% increase in costs in calendar 2021 (6% annualized to the school budget), estimated costs for 2020-21 would be slightly in excess of \$7.5 million. Therefore, there was no need to increase the budget beyond \$8 million for the 2020-21 school year, given that staff has not increased above the level of the previous year. The potential shortfall of \$930,000, as cited by OSC, is extremely unlikely to occur.

Retirement Systems

Finding: The 2020-21 budget includes Employee Retirement System (ERS) appropriations of \$852,460, which is nearly \$185,000 less than the 2019-20 actual expenditure. While the ERS average employer rate is not changing in 2020-21, District salaries are increasing; therefore, it appears that this appropriation is under budgeted by at least \$185,000. The District has included Teachers' Retirement System (TRS) appropriations of \$2,542,217 which is a 4 percent decrease from the 2019-20 projected actual expenditure. However, the TRS employer contribution rates increasing by 0.7 percent in 2020-21, from 8.86 percent to 9.53 percent. Therefore, the 2020-21 TRS appropriations could be under-budgeted by more than \$122,000. District officials should consider the adequacy of these appropriations.

NYS Teacher Retirement System

Response: Wincap, the financial system used by the school district, includes the ability to project retirement system costs for each employee once the employees' salary is encumbered. The Wincap system shows that \$1.913 million was expensed for the 2019-20 year and is currently projecting that the expense for 2020-21 will be \$1.999 million. The budget for the 2020-21 school year is currently \$2.542 million, which is more than sufficient to cover anticipated expenses in the current school year. The shortfall of \$122,000 indicated by OSC does not exist.

NYS Employee Retirement System

Response: As stated for the NYSTRS, Wincap has the ability to encumber retirement system costs for each employee once the employees' salary is encumbered. With year-end adjustments now having been made, the school district is reflecting total costs in 2019-20 of \$983,171. There is an expectation that rates for 2020-21 will not change in 2020-21, but increased salaries averaging 3% (step plus contractual) bringing the anticipated expenditure above \$1 million in the coming year. As the school district has budgeted a total of \$852,460, it is possible that the budget will need to be increased by approximately \$165,000 to meet expected costs.

Overtime

Finding: The budget includes \$16,261 in 2020-21 overtime appropriations. While this is a \$4,500 increase over 2019-20 projected actual expenditure, the 2019-20 overtime expenditures were lower than usual due to early closure of school buildings in response to the COVID-19 pandemic. We question the adequacy of this appropriations since, prior to 2019-20, the District averaged annual overtime expenditure of \$319,601. Security overtime, in particular, has exceeded its appropriation in each of the last four years by \$5,944 to \$130,769. Consequently, District officials will need to monitor overtime closely throughout the fiscal year to ensure that the budget is not over-expended.

Response: Overtime allowances were drastically reduced in the 2019-20 school year, not due to the effects of the COVID-19 pandemic, but due to the imposition of austerity. It is the District's intent to continue to deny overtime in all but the most extreme circumstances during the 2020-21 school year. We believe that the reduction/elimination of overtime is key to maintaining control of the school budget. That being said, we believe that the amount of overtime included in the budget is reasonable.

Stipends

Finding: Stipends – The 2020-21 budget includes \$0 for stipends. Stipends are contractual amounts paid to staff for serving in the capacity outside of their normal duties, such as chaperoning a dance, serving as an extra-curricular club advisor or coaching an athletics team. From 2016-17 through 2018-19, the District paid average of \$225,362 in stipends each year. District officials should reassess the prudence of not budgeting for stipends, especially in light of the District's plan to restore its athletics program, for which it will inevitably need coaches.

Response: The District having not budgeted for co-curricular stipends during 2020-21 is intentional. We do not intend to restore such activities during the current school year due to fiscal concerns. Stipends have been budgeted for Athletics in 2020-21, although those amounts were initially budgeted under the 'Contractual' line in the Athletics code.

Interscholastic Athletics

Finding: Interscholastic Athletics – The District made the decision to restore its full District-funded sports program in 2020-21 budget. The budget includes total appropriations of \$542,197 for interscholastic athletics. The largest portion of these appropriations is \$500,000 for contractual obligations, which is five times the average amount spent on this budget line for 2016-17 through 2018-19. Furthermore, the District has not budgeted for any athletic equipment when, from 2016-17 through 2018-19, the equipment expenditures averaged \$7,623. Further, the budget includes \$5,382 for materials and supplies, which is only about 20 percent of the approximate \$25,000 average expenditure. Finally, the athletics budget line for A/V technician includes an amount of \$814.50, where the District averaged over \$181,000 annually for an A/V technician from 2016-17 through 2018-19. District officials could not provide documentation or justifications to support any of these athletics appropriations. District officials should review the appropriateness of these appropriations and make the budget adjustments accordingly.

Response: Due to a last-minute decision to restore Interscholastic Athletics to the 2020-21 school budget, a lump sum of \$500,000 was placed in the 'Contractual' line. It should have been properly allocated along the appropriate budget lines in Athletics, including Stipends, Equipment, Contractual, and Supplies. This oversight will be corrected through a budget transfer to be placed before the school board for approval. We believe the amount of \$500,000 to be sufficient to cover all necessary costs associated with the operation of our athletic program.

Electricity Costs

Finding: The 2020-21 budget includes \$480,000 in electricity appropriations. This is more than \$100,000 less than the 2019-20 projected actual expenditures and nearly 41 percent less than the average expenditure for the last four years. Since the District's electricity costs have increased, on average, by 5.61 percent each year, this appropriation could be under-budgeted by approximately \$200,000. District officials asserted that the Facilities Director has implemented a number of energy savings improvements throughout the District's buildings that have significantly reduced electricity consumption. However, they should still review recent energy bills and the adequacy of this appropriation and amend the budget to factor in potential increases in electricity costs.

Response: In the 2019-20 school year, which was curtailed by the COVID -19 pandemic, the school district spent \$499,721 on electricity. The school district maintains that, due to certain lighting retrofits, it will be able to reduce costs by \$30,000 on an annual basis. The retrofits were done by January 2019, therefore the expenses in 2019-20 should already reflect a lowering of costs by \$15,000. For 2020-21, the District budgeted a total of \$485,000 for electric. Based on the expenditure pattern in 2019-20 occurring prior to the shutdown of schools, it is possible that the budget may be under-allocated by as much as \$75,000, and while problematic, is less than the OSC estimate of \$200,000.

Effects of COVID-19 Pandemic

Finding: Due to the continuously evolving circumstances caused by the COVID-19 pandemic, the adopted state budget generally authorizes the State Budget Director to reduce aid as necessary at given times throughout the year should the State budget be deemed out of balance. District officials should develop a plan to balance the budget in the event revenue projections are not fully realized.

Response: The school district is acutely aware of the likely effects of reductions in State Aid during the 2020-21 school year and is working together with the State-appointed Fiscal Monitor to explore avenues where reductions may be made to the budget during the school year. This will not be an easy task, particularly once the school year is underway, and the possibility of mid-year cuts to aid will only serve to further decimate a school system that previously reduced costs by \$8 million in the 2019-20 school year under a contingent budget. Nonetheless, we will look at all possible scenarios for reductions. Additionally, the school district anticipates ending the 2019-20 school year with a surplus; those monies are not being committed at this time, as we anticipate utilizing some or all to mitigate possible State Aid cuts.