

NEW LEBANON

CENTRAL SCHOOL DISTRICT

APRIL 1, 2021

Dear New Lebanon Community,

I first want to thank you for your support of the New Lebanon Central School District. We take great pride in being the center of this community and educating your children. As past principal of our elementary school for seven years, and since October as superintendent, I have seen firsthand how it takes a whole community to educate a child.

As we prepare to finalize our school district's budget for the 2021-2022 school year, I write this letter to discuss some significant challenges facing our district:

- The clerical error that led to 4.5% less taxes collected last September than what was levied (collected) at the June 2020 budget vote
- A current budget gap of \$830,817

These issues have placed the New Lebanon CSD in a precarious situation in which our Board of Education is facing difficult decisions. This includes reviewing cuts to next year's budget and planning to go above the state's tax cap for the first time in our district's history. I am sure that those are difficult words to read, they are certainly difficult words to write.

The clerical error I detailed in our newsletter two months ago resulted in residents being under billed in their taxes by 4.5% – a gap of \$382,254 – which we filled by using funds from our unassigned fund balance, or

district's savings. This was done to avoid cutting student opportunities and supports, especially during the pandemic.

However, due to this error, the district has now depleted its remaining reserves and has little fund balance left to address our financial challenges. Moreover, due to the state rules on tax caps, we must base next year's tax cap calculation on the amount of taxes actually levied, instead of the amount approved by voters. Instead of starting our tax cap calculations with the correct amount, our starting point is once again reduced by \$382,254.

Based on this shortfall and the cost of current programs, the district has a deficit of \$830,817. The district is planning to make around a \$360,000 reduction in expenditures to next year's budget. Making additional reductions to our budget would result in significant impacts to our students' educational experience and programs.

To balance our budget and to continue our educational programs, the Board of Education is looking to increase the tax levy above the cap, to possibly 6%. Approximately 4.5% of this will bring us back to the original tax level approved by voters last year. The remaining 1.5 % addresses cost increases to operations and programs.

TAX IMPACT		
2020-2021 AMOUNT APPROVED BY TAXPAYERS (JUNE 2020)	2020-2021 AMOUNT DISTRICT COLLECTED	PROPOSED 2021-2022
\$8,492,589	\$8,110,335	4.5% to correct error + 1.5% cost increases
	<i>Approximately 4.5% decrease per household</i>	<i>Total Increase = 6%</i>

At this time, no final decisions have been made. As I write this letter, we have not received specifics on financial support coming from the Federal American Rescue Act. We are optimistic that these funds and possible additional state aid will alleviate some of this year's deficit. These funds will not be enough to cover the entire shortfall however, and it is crucial that we plan for the future of our district. Relying solely on one-time federal money to address this error will only delay the problem until next year, when the federal funds will not be available.

The district has demonstrated a strong commitment to being fiscally responsible by not increasing taxes since 2010. This letter is designed to help you understand the unique circumstances we face this year and why the district is considering going above the tax cap to support our students and mitigate the impact of the pandemic and the tax error.

This is an unprecedented and unfortunate situation that we take very seriously. Looking ahead, I am committed to ensuring mistakes – like the tax collection error – do not happen again. In response to this issue, we

have restructured the district offices and hired new personnel, segmented duties, implemented additional safeguards and measures, and communicated the situation to our Board and to you, our community.

I am also committed to working with our Board and business official on a multi-year financial strategy that looks beyond the pandemic and these issues.

Just as we came together to respond to the pandemic, these financial challenges will require us to work together. I invite you to follow our budget development process by attending upcoming Board meetings, reviewing our budget information online at www.newlebanoncsd.org/district/budget/ and reading our detailed budget newsletter that we will mail to you in May.

Please reach out to me with any questions and concerns as the Board works to adopt a budget for residents for the district-wide budget vote on May 18 at the New Lebanon Jr/Sr High School. Thank you.

Fondly,

Andrew Kourt, *Superintendent of Schools, New Lebanon CSD*

YEAR	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tax Increase:	0%	0%	0%	0%	-1.18%	0%	0%	-4.5%	6%
					(Tax Reduction)			(Tax Error)	(Projected)