



## Support Special Act School Districts

Special act school districts are a vital part of our state's educational system. The state and local school districts depend on these school districts. The students they educate and rehabilitate depend on them even more. In many instances these schools represent a critical opportunity for students who have emotional and educational challenges, some of whom have been victims of abuse or neglect and cannot be served elsewhere. For others these schools provide a last opportunity, a vehicle to rehabilitate out of the juvenile justice system before age and time place them on a more difficult path.

For a number of years, during the worst of the recession, the Division of the Budget allowed for zero growth in tuition rates, despite the recommendations of the state Education Department to provide modest increases. We understand that this was a necessary part of the adjustments that needed to be made, at a time when the state was grappling with a significant crisis.

During those years, all school districts were asked to find efficiencies and help the state close a significant budget gap. Special acts did their part, renegotiating vendor contracts, teacher and employee contracts and reducing costs wherever they could, while still providing a safe and productive learning environment.

However, since then there has been an improvement in the state financial picture. We recognize and appreciate that in recent years, there have been moderate increases allowed in the tuition rates. For special act school districts, those increases were vital, in some instances allowing them to maintain services.

Though appreciated, the recent increases have not been enough to stabilize the finances of these districts. Special act districts do not have local taxing authority and are not funded through the same formulas and funding mechanisms as other traditional districts. Instead, these districts are assigned a rate each year by the state. This rate is based on costs and service days from 2 years prior and is not reflective of either the current population of the school, or the costs associated with the services needed by those students. Even if the rate setting process drives an increase, the tuition rate must still be approved by the Division of the Budget, who can then reduce the rate increase or hold it at zero.

Special act school districts face not just underfunding, but serious cash flow issues. Because their rate is low and they are not permitted to carry any undesignated year to year fund balance, they frequently have to take out revenue anticipation notes (RANs). These short term loans allow the districts to cover their immediate costs, but then result in their limited resources being diverted to pay interest on the RANs.

As the 2019 budget process proceeds, NYSSBA urges all parties to include equitable support for special act school districts, including a tuition rate for 2019-20 that is reflective of the public school costs that these districts incur.

For additional information, please contact NYSSBA Governmental Relations at 518-783-0200.