April 26, 2021

Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Honorable Andrea Stewart-Cousins
NYS Senate Majority Leader
188 State Street Room
Legislative Office Building
Albany, NY 12247

Honorable Carl E. Heastie
NYS Speaker of the Assembly
907 LOB 932
Albany, NY 12248

Re: <u>COVID-19 School Taxpayer Protection Plan</u>

Dear Governor Cuomo, Senate Majority Leader Stewart-Cousins & Speaker Heastie:

I am writing on behalf of the Association for a Better Long Island ("ABLI"), a leading regional economic development organization whose collective membership is Long Island's largest taxpayer, to respectfully request that New York State, through Executive Order and/or legislation, implement a COVID-19 School Taxpayer Protection Plan to assist in reducing the impending pandemic tax burden facing Long Island's businesses and nearly three million residents.

(I am enclosing our August 14, 2020 letter regarding this matter.)

ABLI applauds your successful efforts to flatten the infection curve and your strategic plan to reopen our region's economy but as you are aware, COVID-19 has had a significant impact on Long Island's economy, affecting both small and large businesses, and the individuals who depend on those entities for their livelihoods. As devastating as it has been, the full economic impact of COVID-19 is yet to be fully appreciated. Accordingly, it is critical that New York State continue to protect our residents from both public health risks and considerable financial hardships in the months, maybe years, to come.

Against this harsh reality, a recent report based on NYS Department of Education date reveals that the total reserves accumulated by the over 120 Long Island school districts has ballooned to $2.61 billion in 2020-21. The average district cash holdings equal nearly 20% of the schools' projected spending. Long Island school districts have been amassing small fortunes on the backs of taxpayers in case of a "rainy day." There is little doubt that the COVID-19 pandemic is Long Island's rainiest day in history. In fact, it is a deluge.

Thankfully, the federal American Rescue Plan Act of 2021 will deliver $8.9B in funding to NYS schools and Long Island will receive nearly $324M. The recently passed NYS budget allocates $417M for Long Island. Considering the record amount of funding from the state and local government, combined with LI school reserve funds amounting to $2.61B in 2020-21, it would be unconscionable for our region's schools to raise taxes further adding to the pandemic burden placed on our residents.

The COVID-19 School Taxpayer Protection Plan will ensure that school districts limit the tax burden placed on their residents as our region reopens and recovers. Last year, the NYS legislature passed and the Governor signed into law legislation, bills A.10492/S.8417, that provides financial and budgetary flexibility to local governments to operate and provide critical services during the COVID-19 public health crisis. Specifically, the bill's three components: extends the

"rollover" period for bond anticipation notes issued in calendar years 2015 through 2021; authorizes local governments and school districts to spend or temporarily transfer moneys in reserve funds for COVID-19 pandemic-related expenses; and permits the repayment of inter-fund advances made for COVID-19 pandemic-related expenses by the end of the next succeeding fiscal year or later, rather than the end of the current fiscal year. School districts were relieved of the various restrictions placed on the various categories of reserve funds and this legislation unlocks reserve funds to address budget shortfalls or additional costs as a result of the pandemic. The bill provides additional financial tools to local municipalities to help reduce the tax burden for businesses and homeowners.

Step Two is to mandate that school districts utilize the newly available financial and budgetary flexibility options provided in NYS A.10492/S.8417, including exhausting now unlocked reserve funds, before raising taxes. Considering the record amount of state and federal assistance school districts are set to receive, in addition to their "rainy day" fund, this directive is essential in protecting Long Island taxpayers.

These questionable school district reserve funds are set aside without a New York State directive or legislation requiring districts to do so. Without your leadership, businesses and residents, many of whom face economic hardships from the pandemic, will continue to be at the mercy of school districts that remain aloof, indifferent, or unaware of their need to be full partners in our economic recovery through their use of reserve funds and financial tools to offset budgetary shortfalls caused by the pandemic.

The Association for a Better Long Island respectfully requests that New York State, through Executive Order and/or legislation, put forth the COVID-19 School Taxpayer Protection Plan that mandates schools utilize their reserve funds before raising taxes to help reduce the impending pandemic tax burden facing Long Island's businesses and almost three million residents.

Sincerely,

Kyle Strober, Executive Director
Association for a Better Long Island

cc: Hon. Thomas DiNapoli, NYS Comptroller
Hon. Liz Krueger, NYS Senator
Hon. Fred Thiele, NYS Assemblyman
Hon. Todd Kaminsky, NYS Senator
Hon. Kevin Thomas, NYS Senator