



NEW YORK STATE SENATOR

Brian X. Foley

Senator Foley Increases School District Access to Reserve Funds

BRIAN X. FOLEY July 2, 2010

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Senator Brian X. Foley (D - Blue Point) sponsored legislation (S7447-A), which passed the senate this week, that will increase the ability of school districts to access their reserve funds.

In light of the economic reality we are living in, it is important that school districts have every opportunity possible to tap into reserve funds. This legislation will allow school districts to withdraw up to 50% of the total amount of money in the employee benefit accrued liability reserve (EBALR) fund or 100% of the excess of such monies, whichever amount is greater. For example, if a school district's total liability is \$100,000 and they maintain \$200,000 in the account, they will be able to withdraw \$100,000 because the amount in excess of the total is greater than 50% of the total liability, which would be \$50,000. Similarly, a school district whose total liability is \$50,000 and maintains \$50,000 in the account would be able to withdraw \$25,000 because there is no money in the fund in excess of the total liability. The money that is withdrawn may only be used to lower an anticipated increase in school property taxes and/or to restore anticipated or actual staff level reductions.

Under the legislation, the total savings for the 653 eligible school districts in New York would be \$486.1 million. The total savings for eligible districts within the third senate district would be \$45.7 million, with an average savings among districts being \$3.8 million.

"As legislators, we must do everything we can to protect public education and to ensure that our students receive the best possible education without allowing taxes to be raised to the point that families are driven out of our state," said Senator Foley. "By providing districts with another avenue through which to use reserve funds to offset or eliminate tax increases and staffing cuts, both of the goals will be accomplished."

"During this time of fiscal distress, when school districts are laying off teachers and taxpayers are hurting, it would be unconscionable to let these funds sit stranded," said Timothy G. Kremer, Executive Director of the New York State School Boards Association. "We strongly urge the assembly to take on this bill to help local districts offset the impact caused by the reduction in state aid this year."

"We are grateful for Senator Foley's leadership in passing this legislation," said Robert Lowry, Deputy Director of the New York State Council of School Superintendents. "It will give school leaders a chance to make better budget choices for taxpayers and schoolchildren. With this legislation, districts could lower the tax bills they send out in the fall or bring back employees who would otherwise be laid-off."

The legislation, which has yet to pass the assembly, would take effect immediately upon being signed into law.