



NEW YORK STATE SENATOR

George M. Borrello

Legislation to Assist Panama Central School District Passes Both Houses of Legislature

GEORGE M. BORRELLO July 23, 2020

| ISSUE: **EDUCATION, PANAMA CENTRAL SCHOOL DISTRICT, PROPERTY TAXES**



ALBANY – Legislation that would relieve the Panama Central School District of paying the remainder of a costly fine levied more than a decade ago by the New York State Department of Education has passed both houses of the Legislature. The Senate bill, [S.7034](#), sponsored by Senator George Borrello, passed the Senate today; the Assembly companion bill, [A.8926](#), sponsored by Assemblyman Andy Goodell, passed the Assembly on June 9.

The Panama Central School District was assessed a \$4.9 million penalty by the New York State Education Department (NYSED) that resulted from a late final cost report on a 2005 capital project. In 2005, the district completed a small maintenance project that it believed to be properly documented as “closed.”

In 2012, the district, upon reviewing the state's website, found that it still had an “open” project on file. This information was not made available to Panama when it was closing out its 2005 building project. However, in the eyes of the State Education Department, Panama Central School District neglected to file a final cost report for this building project within the established timeframe and fined the district.

“It is incomprehensible why the Education Department would impose such a heavy penalty on a small rural school district and its taxpayers, essentially requiring that funds for learning be diverted to education department bureaucrats,” Senator Borrello said. “What is even more egregious is that this situation did not involve any intentional wrongdoing and the administrators who were with the district at that time, are no longer there. Yet, the school has been left with an enormous fine that is extremely disproportionate to the error.”

The bill by Senator Borrello and Assemblyman Goodell would essentially ‘forgive’ the nearly \$2 million dollars owed by the Panama Central School District to the Education Department for the mistake.

“Without the full forgiveness of this penalty imposed by State Education, the students who attend Panama and the district’s taxpayers will be unfairly punished for an administrative oversight made 15 years ago,” Senator Borrello said. “Panama is a small school district. This penalty imposed by SED is offensive on many levels. Our small, rural school districts face a heavy burden of limited state aid and limited tax revenues.”

“No district should be put in this position, which is why I am also co-sponsoring [Senate Bill 4209](#), which would forgive all state school districts who have been burdened with oppressive fines for building aid administrative reporting errors. In these difficult economic times, with schools potentially facing devastating state aid cuts, these fines are unjustifiable.”

###