



NEW YORK STATE SENATOR
George M. Borrello

Senator Borrello Bill to Assist Panama Central School District Passes Finance Committee

GEORGE M. BORRELLO May 12, 2021

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ALBANY – Legislation sponsored by Senator George M. Borrello to forgive a nearly \$2 million penalty assessed by the State Education Department (SED) against Panama Central School District passed the Senate Finance Committee Tuesday.

Senator Borrello's bill will correct an inadvertent administrative oversight by the Panama Central School District concerning the late filing of a final cost report to the State Education Department (SED) in 2012. Senator Borrello's bill, [S.1798](#), would essentially 'forgive' the nearly \$2 million dollars owed by Panama Central School District to the Education Department due to the clerical error.

“It’s inconceivable why the Education Department would burden a small, rural school district with such a heavy penalty, essentially taking money that should be used to educate our kids,” Senator Borrello said.

“In prior years when this legislation landed on the Governor’s desk, he vetoed it, noting that fine forgiveness is an issue that should be addressed in the context of the budget. This year, the Senate complied with that request and included in its One-House budget bill, full forgiveness for all school districts burdened by these fines – a measure that I’ve strongly supported along with my colleagues on both sides of the aisle. However, that measure was removed during the negotiations between the majority leadership and the governor.”

“While the final budget did forgive similar SED fines in a small handful of school districts, Panama was not among them. It is unfair to arbitrarily pick winners and losers when the education of our children is involved.”

Senator Borrello’s [S.1798](#) will next head to the full Senate for a vote. Companion legislation sponsored by Assemblyman Andrew Goodell, [A.6972](#), will be considered by the Assembly’s Education Committee on Wednesday.

“Assemblyman Goodell and I will be working to get this across the finish line, so that the school district can direct its precious resources to educating its students rather than paying senseless fines,” Senator Borrello said. “Without full forgiveness of this penalty assessed by the State Education Department, the students who attend Panama, and the district’s taxpayers, will be unfairly punished for an administrative oversight made 16 years ago.”

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 Central School 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 required timeframe. The fine was partially paid through a series of Supplemental Valuation Impact Grants supported by Education Department/Aid to

Localities budget bills. Senator Borrello's legislation will forgive the remaining \$1.9 million of the penalty.

"No district should be put in this position. In these difficult economic times, as our communities recover from the devastating economic impact of the COVID pandemic, these fines are unjustifiable," Senator Borrello said.

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