



New York State
EDUCATION DEPARTMENT

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2020-2021 Division of Budget Financial Plan Update

**Board of Regents Meeting
September 2020**

DOB Revised Projected Budget Gaps

NYS Division of the Budget (DOB) FY 2021 First Quarterly State Budget Financial Plan August Update projects:

- **\$14.5 billion General Fund revenue decline from February forecast**
 - **\$1.2 decline from April revenue estimate**
- **A total loss of \$62 billion through FY 2024 as a direct consequence of the COVID-19 pandemic**

DOB 20% Withholdings

In the absence of Federal action since enactment of the FY 2021 budget:

- **DOB began withholding 20 percent of most local aid payments in June.**
- **All or a portion of these withholdings may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.**

DOB Aid-to-Localities Reduction Plan

The Updated Financial Plan:

- **Continues to include \$8.2 billion in recurring local aid reductions;**
- **States the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021; and**
- **States, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of FY 2021.**

Payment Approval Process

- Pursuant to DOB direction, on a weekly basis, the Department submits to DOB lists of critical payments requesting approval to pay.
 - Includes statutorily required state aid payments to districts
- To date, DOB has approved paying:
 - 80% of some pending state-funded and special-revenue funded claims
 - 100% of all pending federally funded claims
- Some pending state-funded and special-revenue funded payments remain on hold.

Payment Approval Process

- Pursuant to DOB direction, the Department must request DOB approval prior to obligating appropriated funds.
- DOB required the Department to notify funding recipients that payment of funds could be reduced by a minimum of 20%.



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Questions?