

**BUFFALO FISCAL STABILITY AUTHORITY
RESOLUTION NO. 13-07
DETERMINATION WITH RESPECT TO THE CITY OF BUFFALO'S 2014-2017
FOUR-YEAR FINANCIAL PLAN**

WHEREAS, Article 10-D Title 2 of the New York State Public Authorities Law (the "BFSA Act"), requires the City of Buffalo (the "City") to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public School District (the "District"), the Buffalo Municipal Housing Authority (the "BMHA") and the Buffalo Urban Renewal Agency (the "BURA") (collectively the "Financial Plan") along with the Mayor's proposed City budget to the Buffalo Fiscal Stability Authority (the "BFSA"); and

WHEREAS, the City of Buffalo submitted the proposed City budget and related Four-Year Financial Plan to the BFSA on May 1, 2013; and

WHEREAS, the BFSA determined on May 15, 2013 that the Financial Plan was incomplete; and

WHEREAS, the BFSA determined that additional information was required to be submitted by BMHA in order for the BFSA to determine whether BMHA's Financial Plan was complete and complied with certain provisions of the BFSA Act; and

WHEREAS, the BFSA determined that additional information was required to be submitted by BURA in order for the BFSA to determine whether BURA's Financial Plan was complete and complied with certain provisions of the BFSA Act; and

WHEREAS, the BFSA determined that the Financial Plan of the District was incomplete and unbalanced in that it: included a \$26.4 million unfunded deficit in the General Fund for the 2013-14 fiscal year; included a remaining unfunded deficit totaling \$154.0 million for fiscal years 2014-15, 2015-16 and 2016-17, representing the three out-years of the financial plan; and

WHEREAS, the BFSA recommended that the District continue in its efforts to finalize its 2013-14 budget and four-year financial plan, and requested:

(1) the submission of a revised four-year financial plan by the District, which includes a detailed plan to eliminate the budgetary gap for all years of the District's four-year financial plan, and in which the District's general fund and special projects fund are balanced in accordance with generally accepted accounting principles based on reasonable revenue and expenditure estimates, without speculative revenues or savings, which covers all expenditures for programs mandated by federal and state law, and which provides adequate reserves to maintain essential programs in the event revenues have been overestimated or expenditures underestimated for any period; and

(2) that the revised plan shall identify all programs, services, levels of service, and obligations that the District is required to maintain or fulfill by applicable law, by administrative rule, policy or direction, by collective bargaining agreement, or by

practical necessity, and shall demonstrate that the costs thereof will be fully covered by realistic revenue estimates; and

(3) that in the event the revised plan proposes any cuts (including contingent cuts) in existing programs, services or levels of service, specifically describe those cuts, the expected effect of such cuts upon the educational achievement of the District's students, the actions that the State Education Department might be reasonably expected to take in response to any adverse effects upon student achievement, the expected effect of those cuts on the fiscal stability of the District; and the order in which such cuts, if necessary, are proposed to be made; and

WHEREAS, the City has submitted its adopted budget and a revised Four-Year Financial Plan, BMHA and BURA have submitted additional information and revised Four-Year Financial Plans, and the District has submitted a final Four-Year Financial Plan, and the BFSA has reviewed these submissions.

NOW THEREFORE BE IT RESOLVED, that the BFSA hereby determines, subject to the reservations hereinafter stated, that the Four-Year Financial Plan for fiscal years 2013-14 through 2016-17 is complete and complies with the standards set forth in BFS Act §3857, subd. 2.

BE IT FURTHER RESOLVED, that BFSA finds that:

- (1) the District faces a structural imbalance over the Financial Plan in that there are rapidly increasing costs mandated by state law and lagging state financial assistance; and
- (2) the District's final Four-Year Financial Plan is balanced for fiscal year 2014, but depends upon the use of reserves, staffing reductions, closing of two charter schools, and unspecified program cuts to achieve balance in fiscal years 2015, 2016 and 2017 ("the out years"); and
- (3) the District's actions to close the budgetary gaps in the out years includes actions that are undefined as they are based on studies to be performed in the upcoming year and it is therefore unclear if such savings can be realized; and
- (4) such actions could have a devastating impact on the District and such potential impact should be evaluated with respect to the potential effects of such actions on the educational achievement of the District's students; and
- (5) there is a significant risk that the District will encounter a fiscal crisis at some time during the out years, and may be unable to preserve essential services, maintain programs mandated by the state and federal law, and ensure the availability of a sound basic education to all of the children of the City.

BE IT FURTHER RESOLVED, that the District is requested, in consultation with the BFSA Executive Director and staff, starting immediately and in light of continuing information, to prepare a report that will:

- (1) clearly define and delineate the District's potential actions to close the budgetary gaps in the out years of the Financial Plan; and
- (2) provide evidence regarding the likelihood of occurrence for the achievement of additional revenues and budgetary savings; and
- (3) specifically identify those programs, services, or levels of services that would be reduced or impacted as outlined in the District's current Programs to Eliminate the Gap action plan which are to be determined during the next fiscal year upon the completion of various studies; and
- (4) assess the effect of such changes upon the District's financial stability and the educational achievement and welfare of its students; and
- (5) identify any changes in state law or policy that would better enable it to perform its mission.

BE IT FURTHER RESOLVED, that the report shall be submitted to the BFSA during the month of December, 2013.

This Resolution shall take effect immediately.

Approved June 19, 2013

/S/ George K. Arthur
George K. Arthur,
Secretary