

# STATE OF NEW YORK

10382

## IN SENATE

May 15, 2026

Introduced by Sen. MAYER -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to amend the education law, authorizing capital reserve funds for special act school districts

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subdivision 5 of section 4004 of the education law, as  
2 added by section 37-e of part A of chapter 56 of the laws of 2021, is  
3 amended to read as follows:

4 5. The board of education of a special act school district shall be  
5 authorized to establish a (i) fiscal stabilization reserve fund; and  
6 (ii) capital reserve fund. There may be paid into such [~~fund~~] funds an  
7 amount as may be provided pursuant to the requirements of paragraph k  
8 for the fiscal stabilization reserve fund and paragraph l for the capi-  
9 tal reserve fund of subdivision four of section forty-four hundred five  
10 of this title.

11 § 2. Subdivision 4 of section 4405 of the education law is amended by  
12 adding a new paragraph l to read as follows:

13 l. (i) The tuition methodology established pursuant to this subdivi-  
14 sion for the two thousand twenty-six--two thousand twenty-seven school  
15 year shall authorize special act school districts to retain funds in  
16 excess of their allowable and reimbursable costs incurred for services  
17 and programs provided to school-age students for contributions to a  
18 capital reserve fund. The amount of funds that may be annually retained  
19 shall not exceed one percent of the school's or school district's total  
20 allowable and reimbursable costs for services and programs provided to  
21 school-age students for the school year from which the funds are to be  
22 retained; provided that the total accumulated balance that may be  
23 retained shall not exceed four percent of such total costs for such  
24 school year; and provided further that such funds shall not be recovera-  
25 ble on reconciliation of tuition rates, and shall be separate from and  
26 in addition to any other authorization to retain surplus funds on recon-  
27 ciliation.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

LBD15837-02-6

1 (ii) The tuition methodology established pursuant to this subdivision  
2 for the two thousand twenty-seven--two thousand twenty-eight school year  
3 and annually thereafter shall authorize special act school districts to  
4 retain funds in excess of their allowable and reimbursable costs  
5 incurred for services and programs provided to school-age students. The  
6 amount of funds that may be annually retained shall not exceed the  
7 allowable surplus percentage of the special act school districts total  
8 allowable and reimbursable costs for services and programs provided to  
9 school-age students for the school year from which the funds are to be  
10 retained, as defined in subparagraph (iii) of this paragraph; provided  
11 that such funds shall not be recoverable on reconciliation of tuition  
12 rates and provided further that any interest earned or investments real-  
13 ized on such funds shall supplement and not supplant any funds provided  
14 by the tuition methodology once retained.

15 (iii) The approved surplus percentage shall be as follows: eleven  
16 percent for the two thousand twenty-six--two thousand twenty-seven  
17 through two thousand twenty-seven--two thousand twenty-eight school  
18 years, eight percent for the two thousand twenty-eight--two thousand  
19 twenty-nine school year, five percent for the two thousand twenty-nine-  
20 -two thousand thirty school year, and two percent for the two thousand  
21 thirty--two thousand thirty-one school year and annually thereafter.

22 (iv) Funds authorized to be retained under this paragraph may be  
23 expended only pursuant to an authorization of the governing board of the  
24 special act school district for a purpose expressly authorized as part  
25 of the approved tuition methodology for the year in which the funds are  
26 to be expended for repairs of capital improvements or equipment, which  
27 are repairs of a type not recurring annually or at shorter intervals,  
28 provided that funds may be expended to pay prior year outstanding debts.  
29 Any special act school district that retains funds pursuant to this  
30 paragraph shall be required to annually report a statement of the total  
31 balance of any such retained funds, the amount, if any, retained in the  
32 prior school year, the amount, if any, disbursed in the prior school  
33 year, and any additional information requested by the department as part  
34 of the financial reports that are required to be annually submitted to  
35 the department.

36 § 3. This act shall take effect immediately.