



# Unadilla Valley Central School District Special Education Services

## Report of Examination

Period Covered:

July 1, 2013 – June 30, 2015

2016M-47



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

April 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Unadilla Valley Central School District, entitled Special Education Services. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Unadilla Valley School District (District) is located in five towns in Chenango County, four towns in Otsego County and one town in Madison County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates one school with approximately 900 students and 160 employees. The District's budgeted appropriations for the 2015-16 fiscal year are \$18.6 million, which are funded primarily with State aid and real property taxes.

The District provided in-house special education programs and related services to 18 students in 2013-14 and 24 in 2014-15 instead of contracting with an alternative authorized special education provider, such as the Board of Cooperative Educational Services (BOCES), other school districts or private specialized facilities. The District is a component unit of the Delaware-Chenango-Madison-Otsego (DCMO) BOCES and generally contracts with this BOCES for special education services it cannot provide itself.<sup>1</sup> Total special education costs, which include services provided in-house and at alternative providers, were \$1.7 million in 2014-15.

## Objective

The objective of our audit was to determine whether the District provided special education services in a cost-effective manner. Our audit addressed the following related question:

- Are District officials providing in-house special education services to students in a cost-effective manner?

## Scope and Methodology

We examined the District's financial records for special education services for the period July 1, 2013 through June 30, 2015. We expanded our scope back to July 1, 2011 to further analyze trends and changes in special education costs.

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<sup>1</sup> The District also contracted with the following providers for services it could not provide in-house in 2013-14 or 2014-15: George Junior Republic School, Upstate Cerebral Palsy, Vanderheyden, New York School of the Deaf, Cooperstown Central School District and the Children's Home of Wyoming Conference.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of  
District Officials**

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with the findings in the report.

## Special Education Services

Federal and State laws and regulations require that school districts provide special education programs for students with disabilities. District officials have a responsibility to provide these services in a cost-effective manner to ensure tax dollars are spent in a prudent and economical manner. Officials can choose to provide these educational services in-house or contract with an alternative authorized provider<sup>2</sup> for these services.

District officials provided special education services to District students in a cost-effective manner and saved the District a total of approximately \$339,000 in program and related services costs during the 2013-14 and 2014-15 fiscal years. In addition, the District provided services to students in a neighboring district and received \$60,000 in tuition revenue during this same time period. We commend District officials for providing cost-effective special education services to students.

Prior to the District's current administration, DCMO BOCES discontinued operating two special education service classrooms housed at the District. The District began operating these classrooms to provide special education services using District staff. In the 2013-14 fiscal year, the District implemented a third special education classroom, accepted students from outside the District and expanded its special education programs to include related services such as occupational and speech therapies. We compared the District's in-house costs to provide these services to the lowest cost alternative provider's<sup>3</sup> tuition rate and found that the District saved approximately \$339,000 over these two years.

Figure 1: Cost Savings			
Class	2013-14	2014-15	Total
In-house	\$488,788	\$540,469	<b>\$1,029,257</b>
Lowest Alternative	\$539,064	\$829,416	<b>\$1,368,480</b>
Savings	\$50,276	\$288,947	<b>\$339,223</b>

In addition, the District provided educational services to one student in 2013-14 and two students in 2014-15 from a neighboring district at a tuition rate of \$20,000 per student. We determined that the tuition

<sup>2</sup> Such as BOCES, other school districts or private specialized facilities

<sup>3</sup> We assumed the lowest alternative provider had capacity to accept the in-house students and would provide an appropriate learning environment.

rate charged was appropriate for recovering the costs to the District for providing these programs and related services.

District officials developed these in-house programs because they wanted to continue offering special education within the District and make use of the classrooms DCMO BOCES vacated. District officials review the special education student population annually to determine if there is capacity for additional classrooms. They determined that there was capacity and resources to add another program level beginning in the 2013-14 fiscal year. As a result of providing special education services in-house, the District is able to continue realizing cost savings for its own students and generate tuition revenue. In addition, this approach saved the costs of transporting students to other locations and kept the children in their home school.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following page.

# UNADILLA VALLEY CENTRAL SCHOOL DISTRICT

Robert J. Mackey, Superintendent  
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March 31, 2016

Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 1702  
44 Hawley Street  
Binghamton, NY 13901-4417

**RE: New York State Comptroller's Audit # 2016M-47**

Dear Chief Examiner,

We are in receipt of your recent audit (#2016M-47) of our school district's special education services. We appreciate your evaluation of our special education programming and always welcome suggestions and recommendations on how we can improve the quality and cost-effectiveness of our district programs.

As stated in your report, your objective was to determine if the district is providing special education services in a cost-effective manner. We are pleased to learn that after evaluating our program and our tuition that you have determined that our programs saved district taxpayers approximately \$339,000 during the 2013-2014 and 2014-2015 fiscal years.

The board of education and the district's staff want to extend our appreciation to the audit team for the professionalism they exhibited during the audit process. We are grateful for the feedback confirming our special education programming and we remain committed to providing innovative, cost-effective programs for our students.

Sincerely,

  
Robert J. Mackey, Superintendent

RJM/vld

cc: Unadilla Valley Board of Education  
Michael Brown, Business Official/Treasurer  
Lee A. Supensky, Director of Pupil Personnel Services

*THE MISSION OF THE UNADILLA VALLEY CENTRAL SCHOOL DISTRICT IS TO PROVIDE  
STUDENTS WITH A QUALITY EDUCATION OF HIGH ACADEMIC STANDARDS WHILE FOSTERING CREATIVITY,  
DIVERSITY, AND CRITICAL THINKING IN A SAFE AND NURTURING ENVIRONMENT.*

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed District officials concerning the establishment of special education and related services within the District. We reviewed the District's cost analysis regarding the establishment of these services for reasonableness.
- We calculated the direct costs of special education services offered by the District, such as salaries, benefits, materials, supplies and textbooks. We also allocated the related services costs based on the number of therapy sessions provided as a percentage of total sessions to each classroom.
- We compared the total costs of special education classrooms operated by the District to the tuition rate charges to verify that the District is recovering the costs for any students attending from other districts.
- We selected alternative providers the District used for other students during the audit scope. We obtained tuition rates for alternative providers through either the New York State Education Department's Rate Setting Unit or from the rates listed on the providers' invoices. We compared these costs to our calculation of costs to determine the cost savings.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX C

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**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
Tracey Hitchen Boyd, Assistant Comptroller

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