

East Ramapo Central School District

Nonpublic School Transportation

NOVEMBER 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

East Ramapo Central School District

Audit Objective

Determine whether the District is providing transportation to eligible nonpublic school students.

Key Findings

- District officials did not have documentation that they were only paying for transportation for students that lived in the District. We requested documentation for 300 students. The documentation for 93 of these students was missing and we found deficiencies such as no proof of address for 54 of the 193 new students' applications and no proof of birthdate for 15 students.
- For 2017-18, the District paid 15 schools to use Yeshiva Private Contractors (YPCs) on a per-student basis to transport 717 (or \$495,499) more students than were registered. For 2018-19, as of April 1, 2019, the District is paying 23 schools to transport 455 (or \$337,085) more students than registered.

Key Recommendations

- Obtain documentation to prove eligibility before providing transportation to nonpublic students.
- Use the actual number of students, instead of estimates, to make payments for YPCs to transport students.

District officials generally agreed with our recommendations and indicated they planned to initiate corrective action. Appendix B includes our comment on an issue that was raised in the District's response letter.

Background

The East Ramapo School District (District) is located in Rockland County. The Board of Education (Board) is responsible for managing District operations. The Superintendent of Schools is responsible for the District's day-to-day management and for developing and administering the budget. The Board is responsible for providing transportation to eligible nonpublic students of the District in an economical manner.

The Department of Transportation (Department) processes transportation applications and issues student identification numbers. The District's budgeted transportation expenditures for 2017-18 and 2018-19 were \$30.5 million and \$31.4 million, respectively.

Quick Facts

School Type and Enrollment	
14 Public	9,461
143 Nonpublic ^a	27,500
Transportation Payment Basis and Enrollment	
Per-Hour	
Public	9,461
98 Nonpublic	9,000
Per-Student	
Public	0
45 Nonpublic	18,500

^a The District transported students to 100 nonpublic schools located in the District and to 43 outside of the District.

Audit Period

July 1, 2017 – October 30, 2018. We extended our scope forward to April 30, 2019 to estimate transportation costs for 2018-19.

Transportation of Nonpublic School Students

Generally, each school district in New York State is required by New York State Education Law¹ (Education Law) to provide transportation to and from school to all eligible students within the district's boundaries. Eligible students are residents of the district that live more than two miles for kindergarten through grades eight and more than three miles for grades 9-12 from their schools. Such a student must be transported regardless of whether the student attends a public school within the district, a nonpublic school within the district, or a nonpublic school outside the district, not to exceed 15 miles.

The District passed a resolution to offer universal transportation to all students residing in the District attending public and nonpublic schools, regardless of their distance from the schools.² The District completed the gradual outsourcing of its transportation program to private contractors in 2017 and entered into two types of contracts that are on a per-hour and per-student basis. Contracts are renewed and entered into by the District with private transportation contractors in September, prior to the start of school at the end of October. The District last obtained competitive bids for transportation in 2014.

All of the 9,461 students attending the District's 14 public schools and approximately 9,000 students attending 98 of the 143 nonpublic schools were transported and paid for on a per-hour basis during 2017-18 and 2018-19. The remaining 18,500 students attending 45 nonpublic schools were transported by YPCs and paid for on a per-student basis.³ Because transportation is paid for a large portion of the student population on a per-student basis, it is important for District officials to ensure that students are eligible and the head count is accurate.

How Should the District Establish Eligibility and Manage Costs for Transportation?

Education Law and District policy require parents of nonpublic students to file requests for transportation with the District by April 1st of the preceding school year for the following year or within 30 days of moving to the District. Parents can only apply for one school for each child. Transportation is provided to students who are five years old before December 1st and are registered at the school to which transportation is requested. The District requires parents to provide proof of birthdate and residency for first time applicants. If there is a change of

1 Section 3635

2 Schools located outside of District boundaries are subject to the 15 miles limitation.

3 The Assistant Superintendent for Finance told us that nonpublic schools were paid for on a per-student basis instead of a per-hour basis to obtain a better understanding of the number of students attending YPCs and to create an incentive for bus companies to fill the buses. He also provided a breakdown and analysis of per-student and per-hour basis costs that showed the per-student basis cost lower.

address, an update form should be submitted to the Department along with proof of residence. In addition, District officials should retain documentation supporting eligibility for transportation for three to six years. It is important that the District establish policies and procedures to provide transportation to only students who reside within the District and meet the age requirement. Ensuring that the number of students registered for transportation is accurate enables the District to effectively manage and control transportation costs.

District Officials Did Not Always Obtain Required Documentation of Eligibility

Nonpublic schools provide applications and lists of students to the Department so the Department can issue identification (ID) to students so they can ride the busses. The Department should not issue an ID to a student until it receives and reviews all necessary documentation to prove eligibility. The Board established policies to determine student eligibility for transportation. However, District officials did not adopt adequate procedures to ensure that the policy to receive and review documentation was followed. We selected a sample of 300 nonpublic school students from Department records for 2017-18 and 2018-19 to determine whether all 300 applications were received prior to April 1st of the year; whether new registrations contained proof of birthdate and proof of address; and whether students registered prior to 2017-18 were reapplying annually

The District was not able to provide 93 of the application packets we requested to support these students being eligible for transportation at District expense. The Assistant Director of Transportation stated that one box containing applications was missing and the 93 applications she could not find may have been included in the missing box. Therefore, we could not determine if those students existed or were still in the District.

Our sample included 237 new applications and 63 reapplications. The Department provided only 207 packets of which 193 were for new applications and 14 were for reapplications. Further, 91 of the 193 packets had one or more deficiencies as follows:

- 54 did not have proof of address.
- 43 were filed after April 1st (late but posted).
- 15 did not have proof of birthdate.
- 13 were duplicates.

Because of the deficiencies, we sought to extend our testing at least on a small sample basis to prior years to determine the frequency of these issues. However, officials told us that all nonpublic transportation applications for the school years

prior to 2017-18 had been destroyed along with several others relating to 2017-18. District officials did not explain why the documents were destroyed.

District officials' failure to adopt adequate procedures to ensure the policy was followed has led the District to transport students who may not have been eligible or existent.

The District Paid YPCs for More Students Than Registered for Transportation

The Department provided the list of nonpublic schools that transport their own students using YPCs on a per-student basis and the Department's records of the number of students at each school. We selected schools that transported more students than they had registered and found that for 2017-18, the District paid 15 of the 45 nonpublic schools to transport 8,582 students on a per-student basis although only 7,865 students were registered at the Department for those schools, a difference of 717 students at a cost of \$495,499.73. In addition, for 2018-19, as of April 1, 2019, the District is paying 23 of the 45 nonpublic schools to transport 15,525 students although only 15,070 students are registered at the Department, a difference of 455 students at a projected cost of \$337,085 as of June 30, 2019.

The clerk who receives and approves the payment claims at the Department and forwards them to the Business Office for further processing and payment stated that the differences with the Department's records come from the fact that the invoices are prepared based on estimated numbers for each YPC contract at the beginning of the school year. There is no process to reconcile the estimated number of students in the contract with the actual number registered at the Department. Although the Assistant Superintendent for Finance told us that he believed the estimates are based on prior years' numbers, these estimates were not reviewed for reasonableness. We asked the Assistant Superintendent for Finance why the District was paying based on estimates instead of the actual numbers at the Department. The official stated that he expected the payments to be based on the actual Department numbers. Another source of discrepancy could be that YPC students do not reapply annually for transportation and therefore it is not easily determinable if a student had left the District and when. District officials could not explain why these students were not required to reapply annually as is required of other students. District officials stated that starting this year, students transported by YPCs will also be required to reapply annually and showed us examples of reapplication forms on file.

We also compared the total number of students paid for on a per-student basis with the total number of students for those schools reported to the State Education Department (SED). In 2017-18, the District paid for 18,052 students

while those schools reported a total of 17,569 students to SED, a difference of 483 students.

When student records are not accurate and consistent from report to report, there is an increased risk that the District will pay for students who are not eligible or existent.

What Do We Recommend?

The Board should:

1. Ensure that New York State Laws and the District's policies for student eligibility are followed.
2. Ensure that applications for transportation are filed with the Department by April 1st along with documents to prove residency and date of birth.
3. Require that students transported by YPCs reapply annually for transportation.

District officials should:

4. Develop procedures to ensure that policies regarding eligibility are followed.
5. Ensure that records establishing student eligibility are complete, filed and retained.
6. Use the actual number of students per Department records, instead of estimates, to make payments for YPCs to transport students on a per-student basis.
7. Resolve any discrepancies between the number of students on payment claims and the Department's records before approving the payments.
8. Consult with District counsel to determine if there were any overpayments as a result of using estimated, rather than actual, number of students. If there were overpayments, seek reimbursement.

Appendix A: Response From District Officials



East Ramapo Central School District

105 South Madison Avenue, Spring Valley, NY 10977

A Unified Community Educating the Whole Child ...

Dr. Deborah L. Wortham
Superintendent of Schools
845-577-6011

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President, Board of Education

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October 3, 2019

Lisa Reynolds, Chief Examiner
Local Government and School Accountability
Office of the State Comptroller
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Ms. Reynolds:

This letter is an official response from the East Ramapo Central School District to the Office of the State Comptroller's Draft Audit Report dated September 9, 2019. It is about your preliminary draft findings for the report on Non-Public School Transportation of the East Ramapo Central School District for the fiscal years 2017-2018 and 2018-2019 through April 1, 2019.

The East Ramapo Central School District runs the second-largest transportation operation in New York State after New York City by transporting close to 37,000 students daily. There are 14 public schools and 100 non-public schools within the District's boundaries. Your draft report, under Quick Facts, incorrectly lists 15 public schools and 143 non-public schools. The District transports students to 143 schools statewide. Additionally, the enrollment of public school students stands at 9,461 students.

See
Note 1
Page 8

Additionally, throughout the report, you reference, "District Officials" instead of noting, "The District." During your tenure, while compiling information for the audit, you met with numerous staff members who are not "District Officials." Furthermore, please note that contracts are "renewed" and not renegotiated, as stated.

The combined District enrollment for public and non-public has averaged annual increases of more than 1,000 students annually during the recent years. Notwithstanding the fast-pace increases in student enrollment, the District strives to provide timely, safe and comfortable transportation to all students

In running this vast and fast-growing transportation operation, we are pleased that the auditors found our controls to be adequate in most situations. The audit of Non-Public School Transportation resulted in two key recommendations. Each recommendation is listed with the corresponding District's response.

Key Recommendation 1: "District Officials" should obtain documentation to prove eligibility before providing transportation to nonpublic students.

District Response: As a matter of procedure, prior to the audit, the District obtained documentation for all new non-public school students' applications. During the 2018-2019 school year, the District has worked intensively in creating a comprehensive and useful new database that includes all legally required registration data for new applications as well as reapplications of non-public students. This database is in

As a unified community, the East Ramapo Central School District is committed to educating the whole child by providing a healthy, safe, supportive, engaging and challenging learning environment.

full use for the school year of 2019-2020. To summarize, the district currently does obtain all documentation prior to transporting students, both public and non-public.

Key Recommendation 2: Use the actual number of students, instead of estimates, to make payments for Yeshiva Private Contractors (YPCs) to transport students.

District Response: The District uses the State Education Department (SED) BEDs database as a guide for student enrollment. That provides a snapshot of each school as of the first Wednesday of October. However, a significant number of new students enroll in non-public schools shortly before, on, and after the above date making school-based non-public enrollment data more updated than the SED records. The District pays for the transportation of these students reflecting higher costs than calculated based on the BEDs figure. Therefore, the difference in the expenses as listed in your findings.

In sum, the issue of student numbers' discrepancy quoted in your report, is an unavoidable consequence derived by the difference between what non-public schools submitted to SED on the first week of October and their growing current enrollment numbers after that date. To help address this issue, the District's new database, as described in this communication, in response to the Key Recommendation 1, now keeps track of all new and reapplications of non-public students.

Again, we acknowledge receipt of your report. Please feel free to contact me with any questions.

Regards,

Dr. Deborah L. Wortham
Superintendent of Schools

Appendix B: OSC Comment on the District's Response

Note 1

We revised the numbers in the background section of the report based on information District officials provided subsequent to the exit conference.

Appendix C: Audit Methodology and Standards

We conducted this audit 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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We obtained student population data for 2016-17, 2017-18, and 2018-19 totaling between 27,000 and 27,822. We compared and filtered the data to determine new registrations for the two most recent school years. We arrived at 2833 students for 2017-18 and 2854 students for 2018-19.
- We used our professional judgment to select a sample of 300 nonpublic school students from Department records. Specifically, 237 new registrations, of which 142 students were from 2017-18 and 95 students were from 2018-19. We also selected 63 students who appeared to have first registered prior to 2017-18.
- We requested and reviewed the application packet for each student in our sample along with the backup documentation to determine whether all applications were received prior to April 1st of the year; whether the 237 new registrations each contained proof of birthdate and proof of address; and whether the 63 students who registered prior to 2017-18 were reapplying annually.
- We requested nonpublic transportation applications for the school years prior to 2017-18.
- We obtained the District's 2017-18 and 2018-19 YPC payment reports (payment claims) and compared the number of students on each report or claim with the number of students registered with the Department and documented discrepancies. We also compared the payment reports or claims with the District's Basic Educational Data System (BEDS) report from the SED website and documented discrepancies.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

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.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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