



# Saranac Central School District

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Student State Aid

2023M-91 | December 2023

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# Report Highlights

## Saranac Central School District

### Audit Objective

Determine whether Saranac Central School District (District) officials properly claimed State aid for special education students who received services in 10-month public and summer placements.

### Key Findings

District officials did not properly claim State aid for special education students who received services in 10-month public and summer placements. As a result, as of April 30, 2023, the District will not benefit from \$28,832 in State aid that was not claimed and had not claimed an additional \$224,976 in aid, of which \$195,844 would have already been received if claimed in a timely manner. Officials also claimed and received \$57,650 in aid to which the District was not entitled.

District officials did not:

- Establish adequate procedures to ensure State aid was properly claimed for all eligible special education students.
- Provide oversight of the officials who prepared and submitted State aid claims.

### Key Recommendations

- Establish procedures and provide oversight to ensure State aid claims for reimbursement are accurately prepared and submitted in a timely manner for all eligible special education students.
- Review all identified unclaimed State aid and submit any eligible claims for reimbursement.
- Review all ineligible aid claimed and make necessary amendments to the corresponding claims.

District officials were given an opportunity to respond within 30 days in writing to our findings and recommendations but chose not to respond.

### Background

The District serves the Towns of Beekmantown, Black Brook, Dannemora, Plattsburgh, Saranac and Schuyler Falls in Clinton County.

The District is governed by an elected seven-member Board of Education (Board) that is responsible for managing and controlling the District's financial and educational affairs. The Superintendent of Schools is the 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 Director of Special Education (Director), who started in the position in January 2021, is responsible for preparing and submitting State aid claims for reimbursement for special education students. These duties were previously performed by the former Committee on Special Education/ Committee on Preschool Special Education Chairperson (Chairperson).

#### Quick Facts

10-Month Public Placements 2019-20 – 2021-22	
Eligible Students	52
State Aid Claimed	\$612,146
Summer Placements 2019-20 – 2022-23	
Eligible Students	64
State Aid Claimed	\$335,256

### Audit Period

July 1, 2019 – April 30, 2023

# Special Education Student State Aid

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A school district (district) is eligible to receive State aid (i.e., Public High Cost Excess Cost Aid) for a school-age special education student for whom district officials have developed an individualized education program (IEP) and who receives services during the regular school year in a 10-month public placement (i.e., in-district, other district or Board of Cooperative Educational Services [BOCES] program), when the annualized eligible special education costs for the student exceed a district's threshold amount, which is established by the New York State Education Department (SED) based on financial and enrollment data filed by a district with SED. State aid reimbursement is based on the eligible costs<sup>1</sup> as determined by the services provided according to the student's IEP and the student's full-time equivalent (FTE) attendance<sup>2</sup> for the school year.<sup>3</sup>

A district is also eligible to receive State aid for a school-age special education student who receives services in a summer placement (i.e., SED-approved district, BOCES or private day or residential program). State aid reimbursement is 80 percent of the approved education, maintenance (i.e., room and board) and/or transportation costs for services provided to a student during July and August.<sup>4</sup> Education and maintenance costs do not have to be calculated by a district because the rates are set by SED's Rate Setting Unit and the New York State Office of Children and Family Services, respectively. However, a district is responsible for calculating actual transportation costs.

## How Should Officials Ensure State Aid for Special Education Students Who Received Services Is Properly Claimed?

District officials are responsible for ensuring that a district receives all the State aid it is entitled to for students who receive services in 10-month public and summer placements. Officials should develop a well-designed system for claiming State aid that assigns responsibilities for specific activities to ensure each participant understands the overall objectives and their role in the process. In addition, periodic monitoring of the process by officials helps ensure a district will receive all of the State aid revenue to which it is entitled in a timely manner.

10-Month Public Placements – To receive State aid for special education students who receive services in 10-month public placements, a district must submit cost

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1 For example, for a special education student who only received services from employees at the district, officials will need to calculate the student's eligible costs based on the proportionate share of employees' salaries and fringe benefits (e.g., health insurance) for services provided to the student. For a special education student who only received services at BOCES, officials can obtain the student's eligible costs directly from the year-end final cost report issued by BOCES.

2 FTE is the decimal expression of a student's enrollment duration compared to the length of the annual school year. For example, a student who is enrolled for a full school year has an FTE of 1, while a student who is enrolled for only half of the school year has an FTE of 0.5.

3 Refer to Appendix A for an example on the calculation of State aid.

4 Ibid

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and enrollment data to SED through the System for Tracking and Accounting for Children (STAC) online system for reimbursement approval. A district then must verify the accuracy and completeness of the data submitted through the STAC online system to claim State aid. Because State aid is available when a student's annualized cost exceeds a district's threshold, officials should establish adequate procedures to ensure all eligible students are identified and their corresponding annualized costs are accurately calculated.

A district has up to one year after the end of the school year of a student's attendance (e.g., June 30, 2023, for a student's attendance during the 2021-22 school year) to submit claims to receive current year aid and an additional year to submit claims under prior-year aid. However, aid may not be received or received in a timely manner for claims that are submitted under prior-year aid because they are put into a queue and paid out in the order that prior-year claims have been approved by SED within the limit of the designated appropriation for this purpose. As a result, officials should submit claims as soon as possible during the subsequent school year of a student's attendance to prevent any loss or delays of State aid.

Summer Placements – To receive State aid for special education students who receive services in summer placements, a district must submit education, maintenance, transportation cost and/or enrollment data with SED through the STAC online system for reimbursement approval. A district then must verify the accuracy and completeness of the data submitted through the STAC online system to claim State aid.

A district has up to three years after the end of the school year of a student's attendance to submit claims to receive aid (e.g., June 30, 2023, for a student's attendance during the 2019-20 school year). However, up to 56 percent of verified costs or 70 percent of the State aid due for the current year enrollment will be received prior to April 1 if claims are submitted by SED's established deadline each year (e.g., February 24, 2023, for a student's attendance during the 2022-23 school year), with the remaining aid received in subsequent payments. As a result, officials should submit claims as soon as possible during the school year of a student's attendance to prevent any loss or delays of State aid.

### **Officials Did Not Ensure State Aid for Special Education Students Who Received Services Was Properly Claimed**

Officials did not establish adequate procedures or provide oversight to ensure State aid for special education students who received services was properly claimed. The Director and former Chairperson prepared and submitted State aid claims for reimbursement for special education students with no oversight. For example, for special education students who received services in 10-month public placements, the Director and former Chairperson were solely responsible

for identifying eligible students (i.e., students whose costs exceeded the District’s threshold) and calculating their corresponding annualized costs.

The School Business Official annually prepared schedules containing salary and benefit costs for special education providers to be used by the Director and former Chairperson to calculate the annualized costs for students receiving services at the District during the regular school year. However, the schedules were based on anticipated costs and were not updated to include the actual costs.

As a result, as of April 30, 2023, the District will not benefit from \$28,832 in State aid that was not claimed and had not claimed an additional \$224,976 in aid, of which \$195,844 would have already been received if claimed in a timely manner. Officials also claimed and received \$57,650 in aid to which the District was not entitled.

**10-Month Public Placements** – The District had 52 special education students who received services in a 10-month public placement and whose annualized cost exceeded the District’s threshold during the 2019-20 through 2021-22 school years (16 students in 2019-20, 17 students in 2020-21 and 19 students in 2021-22). The Director did not properly claim State aid for all eligible special education students who received services in 2019-20 and 2020-21 (Figure 1).

**Figure 1: 10-Month Public Placements - State Aid**

School Year	Eligible Aid	Aid Claimed <sup>a</sup>	Aid Not Claimed	Aid Not Properly Claimed	
				Amount (Eligible)	Amount (Ineligible)
2019-20	\$362,393	\$333,561	\$22,814	\$6,018	\$0
2020-21	282,272	278,585	32,980	0	29,293
<b>Totals</b>	<b>\$644,665</b>	<b>\$612,146</b>	<b>\$55,794</b>	<b>\$6,018</b>	<b>\$29,293</b>

a) The \$278,585 in aid claimed for the 2020-21 school year includes \$29,293 in aid claimed by the District to which it was not entitled.

For example, the Director did not claim State aid for services provided to one of the 16 eligible students (6 percent) in 2019-20 and five of the 17 eligible students (29 percent) in 2020-21. As a result:

- The District will not benefit from State aid totaling \$22,814 for the student in 2019-20 because the claiming deadline passed.
- The District also did not receive State aid totaling \$32,980 for the five students in 2020-21 and is in danger of potentially losing this aid if claims are not submitted by June 30, 2023. However, even if the Director claims this aid by June 30, 2023, the claims will be submitted under prior-year aid and this aid may not be received or received in a timely manner.

...[T]he District will not benefit from \$28,832 in State aid that was not claimed and had not claimed an additional \$224,976 in aid, of which \$195,844 would have already been received if claimed in a timely manner.

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In addition, the Director did not properly claim State aid for two of the 15 students (13 percent) for whom claims were submitted for the 2019-20 school year. As a result, the District will not benefit from State aid totaling \$6,018 for these students because the claiming deadline passed. This occurred because the Director:

- Incorrectly recorded the annualized costs for one student in the STAC online system, and
- Did not amend the incorrect enrollment end date that the former Chairperson recorded in the STAC online system for the other student prior to submitting the corresponding claim.

Furthermore, the Director did not properly claim State aid for two of the 12 students (17 percent) for whom claims were submitted for the 2020-21 school year. As a result, the District claimed and received \$29,293 in aid to which it was not entitled for these two students. This occurred because the Director did not accurately calculate and record the annualized costs for both students in the STAC online system. Specifically:

- The actual annualized cost for one student totaled \$62,565, but the costs recorded in the STAC online system totaled \$98,370 or \$35,805 more than the actual costs. This primarily occurred because the annualized cost for the student to receive services in a self-contained classroom for 60 minutes each day totaled \$2,797, but due to various errors was incorrectly recorded in the STAC online system totaling \$37,321 or \$34,524 more than the actual cost.
- The actual annualized cost for the other student totaled \$48,852, but the costs recorded in the STAC online system totaled \$54,016 or \$5,164 more than the actual costs. This primarily occurred because the final cost for BOCES services provided to this student totaled \$40,300, but the Director incorrectly used the initial amount billed by BOCES of \$45,328 or \$5,028 more than the actual cost.

In total, as of April 30, 2023, for special education students who received services in 10-month public placements during the 2019-20 and 2020-21 school years, the District had not claimed \$61,812 of the \$644,665 (10 percent) in State aid to which it was entitled, of which \$28,832 is no longer available and \$32,980 will be delayed if claimed by June 30, 2023, and claimed and received \$29,293 in aid to which it was not entitled.

In addition, as of April 30, 2023, the Director had not claimed any of the State aid totaling \$422,430 that the District was entitled to for services provided to the 19 eligible students in 2021-22. The Director has until June 30, 2023 to submit claims for these students to receive current year aid and was aware of this deadline. However, when claims are not submitted as soon as possible, there is



an increased risk that claims may not be submitted by the established deadline resulting in loss or delays of State aid.

Summer Placements – The District had 64 special education students who received services in summer placements during the 2019-20 through 2022-23 school years (20 students in 2019-20, 16 students in 2020-21 and 14 students in both 2021-22 and 2022-23). The Director and Chairperson did not properly claim State aid for all of these students (Figure 2).

**Figure 2: Summer Placements - State Aid**

School Year	Eligible Aid	Aid Claimed <sup>a</sup>	Aid Not Claimed	Aid Not Properly Claimed	
				Amount (Eligible)	Amount (Ineligible)
2019-20	\$143,532	\$164,147	\$0	\$2,598	\$23,213
2020-21	120,039	107,184	0	12,855	0
2021-22	138,217	63,925	79,436	0	5,144
2022-23	97,107	0	97,107	0	0
<b>Totals</b>	<b>\$498,895</b>	<b>\$335,256</b>	<b>\$176,543</b>	<b>\$15,453</b>	<b>\$28,357</b>

a) The \$164,147 in aid claimed for the 2019-20 school year includes \$23,123 in aid claimed by the District to which it was not entitled. In addition, the \$63,925 in aid claimed for the 2021-22 school year includes \$5,144 in aid claimed by the District to which it was not entitled.

For example, the Director did not claim State aid for services provided to four of the 14 students (29 percent) in 2021-22 or any of the 14 students in 2022-23. While the Director has until June 30, 2025 and June 30, 2026, respectively, to submit claims for these students before any State aid is not available to the District, the Director’s untimely submission of claims for these students has delayed aid payments.

As of April 30, 2023, the Director’s untimely submission of claims has deferred the District’s access to \$147,411 in funds that could be used for operations. If the Director submitted claims in a timely manner:

- For the four students in 2021-22, the District would have received \$16,806 of the eligible aid in March 2022 and the remaining \$62,630 in July 2022.
- For the 14 students in 2022-23, the District would have received \$67,975 of the eligible aid in March 2023 and the remaining \$29,132 in a subsequent aid payment after April 30, 2023.

In addition, the former Chairperson did not properly claim State aid for 11 of the 20 students (55 percent) for whom claims were submitted for the 2019-20 school year and two of the 16 students (13 percent) for whom claims were submitted for the 2020-21 school year. The Director also did not properly claim State aid



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for three of the 10 students (30 percent) for whom claims were submitted for the 2021-22 school year. The claiming errors included, but were not limited to, the following:

- The incorrect educational program was recorded in the STAC online system for four students.
- The incorrect end date for a student's maintenance program was recorded in the STAC online system.
- The transportation costs totaled \$21,804 for 2019-20, but officials inaccurately calculated the costs as \$36,483 or \$14,679 more than the actual costs. The Chairperson then incorrectly divided the miscalculated costs of \$36,483 by eight students instead of the 11 students provided transportation, resulting in a calculated transportation cost of approximately \$4,560 per student. The Chairperson then used the incorrectly calculated cost per student to record transportation costs for 11 students totaling \$50,164 in the STAC online system.

Due to the claiming errors, the District did not claim and receive State aid totaling \$15,453 and claimed and received \$28,357 in aid to which it was not entitled.

In total, as of April 30, 2023, for special education students who received services in a summer placement during the 2019-20 through 2022-23 school years, the District had not claimed \$191,996 of the \$498,895 (38 percent) in State aid to which it was entitled, of which \$162,864 would have already been received if claimed in a timely manner, and claimed and received \$28,357 in aid to which it was not entitled.

The number of discrepancies we identified indicates the District's procedures for claiming State aid for special education students receiving services in 10-month public and summer placements require improvement to ensure future State aid is properly claimed.

## **What Do We Recommend?**

District officials should:

1. Establish procedures and provide oversight to ensure State aid claims for reimbursement are accurately prepared and submitted in a timely manner for all eligible special education students who received services in 10-month public and summer placements.
2. Ensure the calculation of annualized special education and transportation costs, used in the submission of State aid claims, are based on the actual eligible costs incurred by the District.

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3. Review all the unclaimed State aid identified in this report and ensure the Director submits any eligible claims for reimbursement through the STAC online system in a timely manner.
  4. Review all ineligible aid claimed by the District identified in this report and ensure the Director amends the corresponding claims through the STAC online system or submits the required documentation to SED to amend the claims.

# Appendix A: Calculation of State Aid Examples

**Figure 3: 10-Month Public Placement – State Aid Calculation**

10-Month Annualized Cost (\$48,000 BOCES Final Cost / .600 FTE)	\$80,000
Deduction Amount (District Threshold) <sup>a</sup>	- 40,000
<b>Annualized Excess Aidable Cost</b>	<b>\$40,000</b>
Student FTE	× .600
<b>Aidable Excess Cost</b>	<b>\$24,000</b>
Public Excess Cost Aid Ratio <sup>a</sup>	× .750
<b>State Aid</b>	<b>\$18,000</b>

a) The district threshold and aid ratio vary by district and from year-to-year.

**Figure 4: Summer Placement – State Aid Calculation**

Education and Maintenance Cost	\$10,000
Transportation Cost	2,000
<b>Total Costs</b>	<b>\$12,000</b>
Aid Ratio (80% for All Districts)	× .80
<b>State Aid</b>	<b>\$9,600</b>

## Appendix B: Audit Methodology and Standards

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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 interviewed District officials and reviewed various records and reports to gain an understanding of the District's procedures for claiming State aid for special education students who received services in 10-month public and summer placements. We documented any associated effects of deficiencies in those procedures.
- We reviewed documentation for all special education students who received services in a 10-month public placement and whose annualized cost exceeded the District's threshold during the 2019-20 through 2021-22 school years to determine whether State aid claims for reimbursement were submitted accurately and in a timely manner for each student. For State aid that was not properly claimed, we determined the reason and calculated the amounts of any State aid no longer available, not claimed or ineligibly claimed.
- We reviewed documentation for all special education students who received services in a summer placement during the 2019-20 through 2022-23 school years to determine whether State aid claims for reimbursement were submitted accurately and in a timely manner for each student. For State aid that was not properly claimed, we determined the reason and calculated the amounts of any State aid no longer available, not claimed or ineligibly claimed.

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

The Board has the responsibility to initiate corrective action. 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-a (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. The CAP should be posted on the District's website for public review.

## Appendix C: Resources and Services

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### **Regional Office Directory**

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