



Mary Taylor, CPA
Auditor of State

YELLOW SPRINGS EXEMPTED
VILLAGE SCHOOL DISTRICT
PERFORMANCE AUDIT

APRIL 13, 2010



Mary Taylor, CPA Auditor of State

To the Residents and Board of Education of the Yellow Springs Exempted Village School District:

In August 2009, the Yellow Springs Exempted Village School District (YSEVSD or the District) engaged the Auditor of State (AOS) to conduct a performance audit of select operations. The four areas reviewed in the performance audit were staffing levels and allocation, program deployment, program cost allocation, and benefits and collective bargaining agreements. These areas were selected based on initial discussions with YSEVSD administration and because they are important components of District operations that will be helpful to YSEVSD as it makes decisions about program costs in order to address potential future financial difficulties.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. While the recommendations contained in the audit report are resources intended to assist in developing and refining operations, the District is also encouraged to assess overall operations and develop other alternatives independent of the performance audit. The audit also includes cost allocation information that will be helpful to the District in its decision-making processes.

The performance audit report includes the project history; a District overview; the audit scope, objectives and methodology; and recommendations and financial implications. This report has been provided to YSEVSD, and its contents discussed with the appropriate elected officials and District administrators. The District has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 13, 2010

FINDING AND RECOMMENDATIONS

Yellow Springs Exempted Village School District

Project History

In August 2009, the Yellow Springs Exempted Village School District (YSEVSD or the District) engaged the Auditor of State’s Office (AOS) to conduct a performance audit of staffing levels and allocations, program expenditures and service levels, and negotiated benefits and contractual provisions. Based on discussions with key District administrators, this project was designed to provide the Board and administration with valuable information for future decision-making.

District Overview

Yellow Springs is a small village with a population of about 4,000. Miami Township, which includes Yellow Springs, the nearby village of Clifton, and the surrounding countryside, has a total population of about 6,000, and is located in the northern portion of Greene County. The Yellow Springs/Miami Township community is known for its recreational attractions, arts festivals, downtown shops, and unique restaurants. The community is culturally diverse and represents a wide range of political and social views. Yellow Springs has been characterized as a “beacon for artists, activists, and creative thinkers since progressive Antioch College opened in 1852.”

The Yellow Springs Exempted Village School District reflects the community characteristics. The District employs 64.64 certified staff FTEs and 20.55 classified staff FTEs who provide services to 723 students in grades K through 12. The minority percentage in the District is 29.1 percent. Only 7.5 percent of the student enrollment is considered economically disadvantaged. YSEVSD met 26 of the 30 indicators identified by the Ohio Department of Education and has a performance index score of 100.6. According to the October 2009 five-year forecast, the District’s FY 2009-10 budget is approximately \$8 million and YSEVSD projects a deficit of \$410,000 beginning in FY 2012-13. This deficit grows to over \$2 million by FY 2013-14.

Objectives

A performance audit provides objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. The specific objectives of this performance audit include the following analyses:

- Program cost allocations on a total and per pupil basis, including special education and other specific programs;
- Program deployment, including an analysis of required versus elective programs at the elementary (K-6) and high school (7-12) levels;
- Staffing levels and allocation, including a comparison of custodial staffing to workload measures and a more detailed examination of clerical staffing; and
- Benefits and collective bargaining agreements, including District health care insurance, other negotiated benefits, and provisions of collective bargaining agreements.

The performance audit provides an independent assessment of the above areas. Where warranted, recommendations were developed to assist YSEVSD in its efforts to improve overall operations.

Scope and Methodology

The performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the audit findings and conclusions based on the audit objectives. Audit work was conducted between September and December 2009. To complete this report, auditors gathered a significant amount of data pertaining to YSEVSD, conducted interviews with numerous individuals, analyzed data related to peer school districts, and reviewed and assessed available information. The District's data used to conduct the assessments in this performance audit was deemed reliable.

AOS developed a composite of six selected school districts to provide benchmark comparisons for the program cost assessments in the performance audit. The selected districts were Cedar Cliff Local School District (Greene County), Grandview Heights City School District (Franklin County), Huron City School District (Erie County), Oakwood City School District (Montgomery County), Oberlin City School District (Lorain County), and Wyoming City School District (Hamilton County). These districts were selected based upon demographic and operational data. The data obtained from the comparison districts was not tested for reliability, although it was reviewed in detail for reasonableness. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, such as the following:

- Ohio Department of Education (ODE)
- State Employment Relations Board (SERB)
- American Schools and Universities (AS&U)

Information used as criteria (benchmarks or leading practices) was also not tested for reliability. The Auditor of State and staff express appreciation to YSEVSD for its cooperation and assistance throughout this audit.

Findings and Recommendations

1. Program Costs

This section of the performance audit focuses on program costs of the Yellow Springs Exempted Village School District (YSEVSD or the District). These analyses provide an independent assessment and draw conclusions about major program and functional costs. According to administrators, YSEVSD will use the results of the performance audit analyses and general conclusions as a basis for strategic decisions and operational improvements.

Expenditure Comparison

A comparison of financial data is one of the methods used by government entities to evaluate the efficiency and effectiveness of operational programs and to determine an effective use of future financial resources. Financial outcomes help governing bodies to make strategic operational changes in order to meet organizational and program goals. Financial data can be used in several forms, including year-to-year comparisons or benchmarking expenditures and revenues against identified best practices or similar entities.

All school districts in Ohio are required to account for revenue and expenditures in a similar manner using the Uniform School Accounting System (USAS), developed by ODE's State Software Development Team in conjunction with the Auditor of State's Office. USAS is based upon the use of a combination of dimensions best suited for a particular transaction. The dimensions include transaction indicators for a combination of funds, functions, object, special cost center, subject area, operational unit, instructional level, job assignment, and receipts. While there is some discretion of coding transactions on the local level, state and federal agencies have established required coding in order to easily identify and audit particular program costs.

Due to the similarity of financial reporting models for school districts, cost-based performance measures and benchmarks can be established and used to evaluate programs. Comparing cost at the function and objective level on a per pupil basis is one method of achieving standardized comparisons. **Table 1** presents YSEVSD historical costs from all funds on the function level.

Table 1: YSEVSD Expenditure History

Functional Expenditures ¹	FY 2006-07	FY 2007-08	Percent Change	FY 2008-09	Percent Change
Administrative	\$1,186,134	\$1,191,665	0.5%	\$1,178,555	(1.1%)
Building Operations	\$1,042,812	\$1,051,245	0.8%	\$1,084,363	3.2%
Staff Support	\$186,843	\$178,069	(4.7%)	\$252,974	42.1%
Pupil Support	\$1,007,456	\$886,212	(12.0%)	\$900,096	1.6%
Instruction	\$3,957,108	\$3,955,599	0.0%	\$4,204,403	6.3%
Total	\$7,380,353	\$7,262,790	(1.6%)	\$7,620,390	4.9%

Source: YSEVSD expenditure and EMIS data

Note: Totals may vary from actual due to rounding

¹ The functional expenditures are presented based on the function categories used in the Expenditure Flow Model (EFM).

Table 1 illustrates that, during the three-year period the District had an average expenditure increase of 1.7 percent. In contrast, the State average percentage year-to-year change increased by more than 3 percent per year, while the three year expenditure increase was more than 6 percent. If YSEVSD's expenditures had increased at a rate similar to the State average, it would have incurred an additional \$200,000 in expenses in FY 2008-09.

The largest percent increase in **Table 1** was in the staff support function (42.1 percent). This function includes costs associated with in-service training for staff, instructional improvement services, and meeting expenses. However, the dollar increase was approximately \$75,000 or less than 1 percent of the District's total reported costs. The largest increase in dollars occurred in instructional expenditures (almost \$250,000). However, since the majority of District costs are instructional expenditures, this increase was modest over the three-year period. Instructional expenditures consist of salaries/wages and benefits for teachers, teacher's aides, and paraprofessionals. It also includes expenses for materials, computers, books, and other consumable materials that are used by students in the classroom setting.

Table 2 compares YSEVSD's 2008-09 expenditures to the peer districts disaggregated into key functional areas of school district operations. This illustration shows both total dollars and per-pupil expenditures. Depicting expenditures on a per-pupil basis removes large variations in costs that are attributable to differences in student population.

Table 2: Expenditures Per Functional Area and Per Pupil (All Funds)

Functional Expenditures ¹	YSEVSD Expenditures	Expenditures Per Pupil	Peer Average Expenditures	Peer Average Expenditures Per Pupil	Expenditure Difference	Expenditures Per Pupil Difference
Administrative	\$1,178,555	\$1,778	\$2,100,675	\$1,518	(\$922,120)	\$260
Building Operations	\$1,084,363	\$1,636	\$2,576,584	\$1,928	(\$1,492,221)	(\$292)
Staff Support	\$252,974	\$381	\$242,424	\$217	\$10,550	\$165
Pupil Support	\$900,096	\$1,358	\$1,995,648	\$1,434	(\$1,095,552)	(\$76)
Instruction	\$4,204,403	\$6,344	\$8,952,021	\$6,338	(\$4,747,618)	\$6
Total	\$7,620,390	\$11,498	\$15,867,351	\$11,435	(\$8,246,960)	\$63

Source: ODE EFM and FY 2008-09 EMIS reports

¹The functional expenditures are presented based on the function categories used in the Expenditure Flow Model.

As shown in **Table 2**, YSEVSD spent approximately 0.6 percent more on a per pupil basis than the peer average. Specifically, YSEVSD spent more in the areas of administration, staff support, and instruction. District costs per pupil were higher in administration and support, which may be explained by larger enrollment at the peers, meaning costs of a fixed nature are distributed among more students. The following is a brief explanation of YSEVSD's spending in selected functional areas:

- Administration:** In FY 2008-09, YSEVSD spent approximately 17.2 percent (\$260) more than the peer average on administrative costs. The majority of the costs were associated with the office of the principle (34.4 percent of the total), fiscal services (29.3 percent of the total), and office of the superintendent services (17.2 percent). These expenditures do not relate directly to the education of students but encompass expenses related to planning, research, information services, staff services, and data processing. While these expenses are a result of operational decisions, the administrative function is critical to the day-to-day operations of the District. However, potential operational changes identified in this report could help reduce the cost per pupil of the administrative function (see **F7**).
- Staff Support:** In FY 2008-09, the District spent 76 percent (\$165) more per pupil than the peer average. More than 90 percent of the costs were related to support services/instructional staff services. Of that, classroom support/special education aids represented 46.9 percent, other improvements of instruction services was 17.5 percent, instruction and curriculum development services was 16.1 percent, and instructional staff training services was 8.7 percent.
- Instruction:** While the District spent more per pupil on instruction, a reduction of just 0.1 percent (\$4,000) would bring the cost per pupil in line with the peer average. This amount was determined to be immaterial to the overall expenditures of the District.

Table 3 illustrates costs aggregated on detailed operational function categories as identified in USAS.

Table 3: Detail Functional Expenditures for FY 2008-09 (All Funds)

	YSEVSD Expenditures	Expenditures Per Pupil	Peer Average Expenditures	Peer Average Expenditures Per Pupil	Expenditure Difference	Expenditure Per Pupil Difference
Instruction						
Regular Instruction	\$3,554,130	\$5,363	\$7,321,284	\$5,149	(\$3,767,155)	\$214
Special Instruction	\$635,536	\$959	\$1,514,380	\$1,081	(\$878,844)	(\$122)
Vocational Education	\$0	\$0	\$53,852	\$42	(\$53,852)	(\$42)
Other Instruction	\$12,513	\$19	\$93,530	\$93	(\$81,017)	(\$74)
Support Services						
Support Services - Pupil	\$462,711	\$698	\$1,110,394	\$797	(\$647,683)	(\$99)
Support Services Instructional	\$490,261	\$740	\$625,616	\$480	(\$135,355)	\$259
Support Services Board	\$29,401	\$44	\$72,957	\$52	(\$43,557)	(\$7)
Support Services Administration	\$780,015	\$1,177	\$1,346,899	\$997	(\$566,884)	\$180
Fiscal Services	\$348,235	\$525	\$546,732	\$398	(\$198,497)	\$128
Support Services Business	\$0	\$0	\$40,849	\$36	(\$40,849)	(\$36)
Operation & Maintenance of Plant	\$692,888	\$1,046	\$1,803,264	\$1,309	(\$1,110,376)	(\$263)
Support Services Pupil Trans	\$246,882	\$373	\$347,899	\$295	(\$101,017)	\$77
Support Services Central	\$34,039	\$51	\$153,133	\$87	(\$119,094)	(\$35)
Operations of Non-Instruction						
Food Service Operations	\$146,194	\$221	\$389,100	\$292	(\$242,907)	(\$72)
Extracurricular Activities						
Academic Oriented Activities	\$73,972	\$112	\$79,287	\$55	(\$5,315)	\$56
Occupation Oriented Activities	\$5,261	\$8	\$508	\$0	\$4,753	\$8
Sports Oriented Activities	\$92,591	\$140	\$337,640	\$250	(\$245,049)	(\$110)
School & Public Service	\$15,761	\$24	\$30,023	\$23	(\$14,262)	\$1
Total	\$7,620,390	\$11,499	\$15,867,351	\$11,435	(\$8,246,960)	\$63

Source: ODE FY 2008-09 EFM data and EMIS reports.

As shown in **Table 3**, Regular Instruction costs exceeded the peers by \$214 per pupil. Regular instruction includes costs for elementary, middle, and high schools in addition to post secondary, general curriculum, and alternative schools. (See **F1**.) A portion of the higher costs per pupil is attributed to staffing levels and student to teacher ratios.

Instructional Support Services costs also exceeded the peer average by \$259 per pupil. These costs are related to support service activities that assist instructional staff with providing learning experiences for students. Furthermore, it includes improvements of instructional services and

educational media services that include devices, content materials, and items used for teaching and learning purposes. Of the variance, special educational aids and school library services accounted for the majority of the differences. To compare special education cost accurately, analysis needs to be completed based on the special education student population and the severity of disabilities. Further examination of special education cost is outlined in **F2**. While library services costs are higher, the staffing analysis suggests that YSEVSD is 0.5 FTEs below the peer average based on a per 1,000 pupil ratio. A significant cost for sick leave in 2008-09 elevated the costs in this area (see **F8**).

Support services administration also exceeded the peer average by \$180 per pupil. These activities are associated with the overall administration of a school district. Of the total expenditures, office of the superintendent costs were 26.2 percent and special education services costs were 8.6 percent. Although the costs at YSEVSD are higher, the costs are allocated among a smaller student population than the peers, which results in a higher per pupil cost.

In addition to comparing cost on the functional level, object code comparisons can provide relevant data during the decision making process. **Table 4** presents the District object code spending in comparison to the peers.

Table 4: FY 2008-09 Expenditures on an Object Code Level (All Funds)

	YSEVSD Expenditures	Expenditure Per Pupil	Peer Average Expenditures	Peer Average Expenditure Per Pupil	Expenditure Difference	Expenditure Per Pupil Difference
Personal Service	\$4,592,786	\$6,930	\$9,548,357	\$6,873	(\$4,955,571)	\$57
ERIB ¹	\$1,540,814	\$2,325	\$3,100,263	\$2,225	(\$1,559,448)	\$100
Purchased Services	\$584,047	\$881	\$1,392,038	\$1,011	(\$807,991)	(\$129)
Supplies and Materials	\$230,803	\$348	\$795,116	\$573	(\$564,313)	(\$225)
Capital Outlay	\$92,938	\$140	\$512,111	\$381	(\$419,174)	(\$240)
Capital Outlay Replacement	\$9,000	\$14	\$80,811	\$67	(\$71,811)	(\$53)
Other Objects	\$570,003	\$860	\$438,655	\$306	\$131,348	\$554
Total	\$7,620,390	\$11,499	\$15,867,351	\$11,435	(\$8,246,960)	\$63

Source: FY 2008-09 ODE EFM and EMIS reports

¹ Employee retirement and insurance benefit

On an object code level, YSEVSD’s expenditures exceeded the peer average in personal service, employee insurance retirement benefits (ERIB), and other objects. Within personal services, the largest variance (\$382) occurred in regular certificated employees’ salaries and wages. This is consistent with higher instructional costs identified in **Table 3**. Though salaries and wages can vary depending upon the seniority of staff and the design of the salary schedule, staffing levels in

comparison to the peers also influence costs. The staffing level comparison for this audit showed that the District is approximately 4.0 FTE's over the benchmark for regular teachers (see **F1**).

ERIB exceeded the peer average by \$100 per pupil. A detailed analysis of insurance and contribution rates revealed some variations of the Districts insurance plan with considerations of the flexible spending option (see **F7**). If District employee contribution rates were in line with the SERB average, total expenditure would be reduced by \$11,700. This would have reduced the District's ERIB cost per pupil to \$2,307, within \$83 of the peers.

The Other Objects line also exceeded the peer average by \$554 per pupil. Approximately 81 percent of these costs were associated with dues and fees, specifically county boards of education¹ contributions. These contributions are deducted from a district's foundation settlement for a variety of services offered by the county board. In the peers, only 41 percent of other object costs were associated with county board of education contributions. Typically, county boards of education can provide services or programs to districts at a more cost effective rate than if they were provided in house. Smaller districts benefit from this service and as it allows the district access to a wider range of services. YSEVSD is smaller than five of the six peers, with the exception of Cedar Cliff Local School District, therefore it is reasonable that these cost exceed the peer average.

Program Costs

F1 YSEVSD spent \$63 more per pupil than the peers in FY 2008-09. The majority of the cost difference appears in regular instruction expenditures. **Table 3** identifies regular instruction costs as exceeding the peers by \$214 per-pupil. Additional analysis of instruction expenditures showed that the District is spending more than the peers do in both the high school and elementary school levels. Further, YSEVSD's student to teacher ratio is 15.92 to 1 compared to the peer average ratio of 17.63 to 1.

Staffing comparisons shown in **Table 11** illustrate that YSEVSD employs more regular education teachers than the peers on a per 1,000 student basis. This variance is partially attributable to the smaller population served in YSEVSD, but is also caused by the wide variety of programs offered by the District. Though District administrators expressed a desire to maintain the wide range of courses offered at YSEVSD, this increases program costs to the District. In order to achieve a teacher-to-pupil ratio similar to the peers, the District would need to reduce approximately 4.0 FTE general education teachers. A reduction in the staffing level could be achieved through attrition or a reduction in force and may necessitate reorganizing program offerings.

¹ A county board of education is currently referred to as educational service center (ESC).

Because YSEVSD's mission is based on its direct instruction capacity, reductions in regular education may impact its ability to offer varied programs to its students. This may also conflict with community desires. Therefore, YSEVSD should carefully consider the impact of reductions in its regular education staff on its educational programs. If costs cannot be sufficiently reduced elsewhere to help YSEVSD achieve a balanced budget, it should explore options such as using part-time employees, sharing instructors with neighboring districts, or encouraging instructors to obtain multiple certifications.

- R1 YSEVSD should consider eliminating 4.0 FTE teaching positions. Assuming the expenditure per pupil difference remained consistent in the future; a reduction of 4.0 FTE positions would reduce the expenditure per pupil to \$5,002.² This reduction would save approximately \$319,000 in annual salary and benefits, and bring the District regular instruction cost below the peer average by approximately \$140.**

Special Education Program Costs

- F2** In FY 2008-09, the District had 6.0 FTE intervention specialists, of which 3.0 FTEs worked in the elementary school and 3.0 FTEs in the middle/high school. In addition, YSEVSD had 3.5 FTE special needs assistants at the elementary level and 0.5 FTE at the middle/high school. The District also receives special education services from the Greene County Educational Service Center (ESC). In FY 2008-09, YSEVSD incurred \$447,347 of cost for services provided by the ESC, which included mental health, preschool, intensive needs, psychology, pupil, special education, and social work services.

Based on need, the District hired an additional intervention specialist for the elementary school and increased the hours of the special needs assistant at the high/middle school to a full time employee in FY 2009-10. In total, the District now has 7.0 FTE intervention specialists and 4.5 FTE special needs assistants.

In FY 2007-08, the District spent a significantly greater amount over the state requirement than the peers. **Table 5** shows special education costs for YSEVSD and the peers.

² The revised cost difference is based on the average salary of a general education instructor of \$59,739.

Table 5: FY 2007-08 Special Education Costs

	YSEVSD	Peer Average
Total Special Education Expenditures	\$1,696,184	\$2,716,582
Percent Over State Minimum Requirement	97.3%	55.1%
Amount Over (Under) Peer Average	\$362,578	N/A

Source: ODE Special Education Accountable Report

In FY 2007-08, the District's total direct³ and indirect⁴ cost exceeded the state requirements by approximately 97.3 percent. **Table 5** shows that on the average, the peers are spending 55.1 percent above state minimum requirements. In order to reduce spending levels to 55 percent above state requirements, YSEVSD would need to make significant changes to its special education spending patterns. Because YSEVSD is a smaller district, the impact of certain disabilities and the educational need of those students might have a magnified impact.

Special education can be very costly to a district and it may not be reasonable or practical to spend only at the required level. Therefore, a comparable benchmark should be established to help determine or establish targeted spending levels. Additional cost comparisons on a functional level provide supplemental information on the cost of certain program decisions. **Table 6** details special education direct costs for the District and the peers for FY 2008-09.

³ Direct cost includes expenses directly related to the education of special education students.

⁴ Indirect cost includes expenses related to support services and regular instruction. Regular instruction is based on the allocation of time that special education students spend in regular classroom.

Table 6: FY 2008-09 Special Education Direct Cost⁵

	YSEVSD		Peer Average		Differences	
	Expenditures	Expenditures per SE ¹ Pupil	Expenditures	Expenditures per SE Pupil	Expenditures	Expenditures per SE Pupil
Psychological Services	\$82,006	\$972	\$99,161	\$589	(\$17,155)	\$383
Speech Pathology and Audiology Services	\$63,253	\$750	\$127,809	\$696	(\$64,556)	\$54
Support Services for Students with Disabilities	\$101,944	\$1,208	\$8,361	\$43	\$93,582	\$1,165
Classroom Support – Special Educational Aids	\$118,735	\$1,407	\$38,794	\$436	\$79,941	\$971
Special Education Attendant Services	\$0	\$0	\$0	\$0	\$0	\$0
Special Education Services – Admin/Super	\$66,804	\$792	\$36,271	\$222	\$30,533	\$570
Special Education – Support Staff	\$0	\$0	\$5,940	\$45	(\$5,940)	(\$45)
Transportation for Students with Disabilities	\$36,418	\$432	\$27,484	\$158	\$8,935	\$274
Handicapped	\$571,944	\$6,778	\$1,122,137	\$7,126	(\$550,193)	(\$348)
Total	\$1,041,104	\$12,339	\$1,465,957	\$9,314	(\$424,853)	\$3,024

Source: YSEVSD and peers yearend financial data.

¹ Special Education (SE)

Table 6 shows that the District is spending more per special education student in all areas except special education support staff and handicapped. The largest variance occurs in support services for students with disabilities⁶ with 48 percent of these costs related to occupational therapy services. Only two of the peers reported costs within occupational therapy. The District’s cost would be approximately \$53,000 if occupational therapy costs are excluded. While still exceeding the peer average, this illustrates the effect that the severity or need level of students with disabilities has on a particular district and that cost data alone may not provide comparable analyses. However, districts should still identify similarities and compare costs within special education program offerings on a routine basis.

The District also spent significantly more on classroom support – special educational aids. A comparison of students per special education aid and intervention indicated that YSEVSD was serving 1 special need student less than the peer average. A reduction of 2.0 FTEs would need to occur in order to be comparable to the peer average on a per pupil basis.

According to the publication, *Alternatives to Overreliance on Paraprofessionals in Inclusive Schools* (October, 2004), a key challenge facing school administrators is

⁵ Additional cost comparisons were completed at the building level;

⁶ As identified in the USAS manual, support services for students with disabilities include function codes 2180 through 2189.

designing and implementing special education service delivery models that meet the educational needs of students with a full range of disabilities within the context of general education classrooms. School districts across the country have developed alternatives to how they implement special education programs. The following should be considered when revising or implementing delivery methods for special education programs:

- **Resource Reallocation** – The hiring mix of intervention specialist versus special needs assistants should be considered when developing an effective special needs program. While it is critical to meet the needs of the IEP students, those needs can be met through a reorganization of professional staff. Districts need to evaluate the skill set, knowledge, and experience of staff in comparison to the special needs population and develop an appropriate venue to meet educational outcomes while operating within available resources.
- **Increasing Ownership of General Educators and Building Their Capacity** – In order for students with disabilities to be successfully included in general education classes, it is vital that the classroom teacher play a substantive role. In part, this means establishing teacher attitudes that are welcoming towards the inclusion of students with disabilities and building professional capacity to support the educational needs of mixed-ability groups, which include students with disabilities.
- **Transitional Paraprofessional Pool** – Districts should develop strategies for dealing with both anticipated and unanticipated events that require short-term support. One strategy could include the development of a paraprofessional (special needs assistants) pool that is specifically trained under the direct supervision of an intervention specialist. These staff could perform duties on an as needed basis or provide support to meet a short-term obligation as specified within a student’s IEP.
- **Clerical/Paperwork Paraprofessional** – Utilizing existing clerical staff to manage the logistical functions of a special needs program can lessen the burden on intervention specialist. In return, specialist can devote additional time to students and potentially lower the need of special needs assistants.
- **Involving Students in Making Decisions About Their Own Support** – Involving students in the decision making process can help identify the specific needs, when support should occur, how it would be implemented, and from who will provide the support. These factors should be considered in conjunction with the parents and knowledge of the intervention specialist in order to provide the appropriate level of service.

Special education costs can vary dramatically from district to district depending upon the severity or needs of the special needs student population. Therefore, exact comparisons or comparable spending levels on a per-pupil basis may not be appropriate. However, general comparisons will enable districts to view data and other relevant program information on a broader scale to make program design and operational decisions to improve efficiency and effectiveness, which could result in minimizing costs while still meeting state requirements, community concerns, and the needs of students.

- R2 YSEVSD should examine special education costs and determine the appropriate level of program services, based on available resources, the needs of the students, and the service levels desired by the community. Furthermore, the District should examine alternative delivery methods to fulfill student IEP requirements. Alternative delivery methods could range from a reallocation of the mix of special needs assistants and intervention specialists to outsourcing additional services with an area educational service center. To reduce costs, YSEVSD should consider reducing 2.0 FTE intervention specialists or special needs assistants for a cost savings of between \$44,000 and \$159,000 in salaries and benefits annually, depending on the classifications reduced.**

2. Programs

This section of the performance audit includes a review of YSEVSD’s required and elective programs. The performance audit provides an independent assessment of the programs offered at YSEVSD in relation to State requirements and draws general conclusions about the programs offered. The District’s intent is to use the analyses and general conclusions presented in this performance audit section to formulate strategies for improvement.

The District’s student composition includes regular, special, and vocational education students. Regular education students are taught in a regular classroom setting. Special education students can also be taught in a regular classroom setting, but may need additional help from an intervention specialist for a specific subject or topic, or as students who receive a majority of their instruction in a self-contained classroom. Vocational education students participate in vocational and technical programs at the Greene County Career Center.

General Curriculum Requirements

According to Ohio Revised Code (ORC) § 3313.60, boards of education shall prescribe a curriculum for all schools under their control, which includes the following:

- Language arts, including reading, writing, spelling, oral and written English, and literature;
- Geography, the history of the United States and Ohio, and national and state and local governments in the United States and, in particular, one year of American history in eighth grade ;
- Mathematics;
- Natural science, including instruction in the conservation of natural resources;
- Health education;
- Physical education;
- Fine arts, including music; and
- First aid, including cardiopulmonary resuscitation (CPR), safety, and fire prevention⁷.

In addition to the curriculum requirements listed above, ORC § 3313.60 requires students to complete one year of American history to be advanced from eighth to ninth grade.

Furthermore, ORC § 3313.603 establishes the requirements for high school graduation, measured in “units.” One unit is a minimum of one hundred twenty hours of course instruction, except for laboratory courses in which one unit is a minimum of one hundred fifty hours of course

⁷Except that upon written request of the student’s parent or guardian, a student shall be excused from taking cardiopulmonary resuscitation.

instruction. One-half unit equates to a minimum of sixty hours of course instruction, except for physical education courses where one-half unit means a minimum of one hundred twenty hours of course instruction.

The requirements for graduation from high school includes twenty units earned in grades nine through twelve and distributed as shown in **Table 7**:

Table 7: Courses Required for High School Graduation

Subject	Number of Required Units ¹
English Language Arts	4
Health	1/2
Mathematics	3
Physical Education	1/2
Science	3- including one unit of biological sciences and one unit of physical sciences
Social Studies	3- including 1/2 unit of American history and 1/2 unit of American government
Electives	6- including one unit, or two 1/2 units, chosen from among the areas of business/technology, fine arts, and/or foreign language.

Source: ORC § 3313.603

¹ Beginning with students who enter ninth grade for the first time on or after July 1, 2010, the requirements for graduation will include four units of math (including one unit of Algebra II or its equivalent). In addition to the science requirement described in **Table 7**, the requirement changes to include 1 unit of advanced study in chemistry, physics, or other physical science; advanced biology or other life science; or astronomy, physical geology, or other earth or space science. Finally, the number of electives required for graduation will decrease to 5 units. Moreover, ORC § 3313.603 stipulates that students entering ninth grade for the first time on or after July 1, 2010 complete two semesters or the equivalent of fine arts and requires that each school integrate the study of economics and financial literacy into one or more existing courses so that every high school student receives instruction in those concepts.

Each school district retains the authority to require a more rigorous minimum curriculum for high school graduation than specified in ORC § 3313.603. Boards of education, through the adoption of resolutions, may stipulate a minimum high school curriculum that requires more than twenty units of academic credit to graduate. Similarly, high schools may permit students below the ninth grade to take advanced work for high school credit. A high school can count such advanced work toward the graduation requirements if the advanced course was taught by a person who possesses a license or certificate that is valid for teaching high school, and that the course is designated by the board of education as meeting the high school curriculum requirements.

YSEVSD Programs

F3 YSEVSD currently requires its students to earn 21 units in courses that include the following:

- Language arts (4 units);
- Mathematics (3 units);
- Science (3 units);
- Social studies (3 units);
- Health (1/2 unit);
- Physical education (1/2 unit); and
- Electives (7 units).

Based on YSEVSD's total number of units required to graduate and the specified number of units per curriculum, the District exceeds the requirements of ORC § 3313.603. **Table 8** shows the core course offerings by subject area at the District's high school. The grades in which the courses are offered are shown in grey.

Table 8: YSEVSD High School Core Courses¹

Courses	Grade 9	Grade 10	Grade 11	Grade 12
Mathematics²				
Math I				
Pre-Algebra				
Algebra I				
Algebra II				
Intermediate Algebra				
Geometry				
Trig / Statistics				
Pre Calculus / Calculus				
English/Language Arts				
Freshman Level English				
Sophomore Level English				
Junior Level English				
Senior Level English or AP English				
Science²				
Physical Earth Science				
General Biology				
General Chemistry				
Biology, Chemistry, Conceptual Physics				
Physics, AP Biology, AP Chemistry, AP Physics				
Social Studies³				
World History				
U.S. History, Government, AP U.S. History				

Source: YSEVSD High School Registration Guide and Program of Studies

Note: Ninth, tenth, and eleventh grade students may select appropriate/sequential math and science courses from the lists above.

¹ In addition to the courses listed above, the District offers a number of physical education courses to meet the State graduation requirement of 0.5 units of physical education and a semester-long health course to meet the requirement to graduate with 0.5 units of health.

²Twelfth grade students are not required to take math or science courses. However, students may elect to take math and science courses.

³Eleventh grade students are not required to take social studies courses. However, students may elect to take a social studies course.

As illustrated in **Table 8**, the core courses offered at the District’s high school exceed the graduation requirements for math, science, and social studies as set forth in ORC § 3313.603. For example, the District is required to provide three units of mathematics for students to graduate high school. However, the District offers eight different units of mathematics, dependent on grade level and student preference.⁸ **Table 8** also illustrates that the District provides advanced placement (AP) courses. ORC § 3324.07 states that school districts are not required to implement gifted education plans to provide gifted courses to identified students. Advance placement courses contribute to the overall

⁸ Multiple course offerings also occur in other areas (i.e., science and social studies, etc.).

educational outcome of students. However, AP courses increase the District’s total instructional cost and overall cost per pupil.

ORC § 3313.603 also requires students to complete six units of electives, including one unit, or two half units, chosen from among the areas of business/technology, fine arts, and/or foreign language. **Table 9** outlines the elective courses offered at the District’s high school. The grades in which the courses are offered are shown in grey.

Table 9: YSEVSD High School Elective Course Offerings¹

Courses	Grade 9	Grade 10	Grade 11	Grade 12
Art				
Art I				
Art II				
Art III and Art IV				
Photo I				
Photo II				
Photo III and Photo IV (independent study)				
Social Studies				
Psychology / Sociology				
Contemporary Issues				
Business Education				
Science & Technology				
Financial Literacy / Economics				
Foreign Language				
French I / Spanish I				
French II / Spanish II				
French III / Spanish III and IV				
French IV				
Industrial Arts / Technology				
Java				
Video I				
Video II and III (independent study)				
Computer Graphics				
AP Computer Graphics II				
Keyboard / Office Suite				
Music				
Band				
Orchestra				
Vocal Music				
AP Music Therapy				

Source: YSEVSD High School Registration Guide and Program of Studies

Note: Students may take electives in each respective column.

¹ Students may take additional core courses (e.g., math and science in Grade 12 where not required) as electives.

As shown in **Table 9**, YSEVSD offers a number of elective courses that enable its students to fulfill the State graduation requirements. Offering a substantial number of

elective courses provide the District's students with a challenging and diverse curriculum. The number and type of elective courses contribute to the District's total instructional expenditures. Furthermore, offering numerous elective courses has the potential to diminish pupil-to-teacher ratios and raise the costs associated with each major program area.

Table 10 shows the cost per major program offered by YSEVSD compared to the peers.

Table 10: Program Costs (FY 2008-09)

	Yellow Springs		Peer Average		Difference	
	Expenditure	Expenditure Per Pupil	Expenditure	Expenditure Per Pupil	Expenditure	Expenditure Per Pupil
Art	\$212,861	\$321	\$223,910	\$162	(\$11,049)	\$159
Music	\$180,300	\$272	\$305,925	\$237	(\$125,625)	\$35
Physical Education	\$290,791	\$439	\$228,179	\$168	\$62,612	\$270
Math	\$221,401	\$334	\$435,684	\$329	(\$214,283)	\$5
Science	\$358,645	\$541	\$455,536	\$317	(\$96,891)	\$224
Business	\$120,312	\$181	\$75,776	\$85	\$44,536	\$96
Social Studies	\$283,505	\$428	\$234,020	\$214	\$49,485	\$213
English	\$257,514	\$388	\$582,494	\$450	(\$324,980)	(\$62)
Foreign Language	\$140,966	\$213	\$197,378	\$144	(\$56,412)	\$68
Total	\$2,066,296	\$3,117	\$2,738,901	\$2,108	(\$672,605)	\$1,008

Source: YSEVSD and peers yearend financial data.

As illustrated in **Table 10**, the District is spending approximately \$1,010 more per pupil than the peer average. Experience levels of teachers and their location within pay schedules impact the District's cost. However, further examination of the FY 2009-10 course offerings and class size showed that of the 51 different courses offered, 25 have less than 20 enrolled students. Of these 25 courses, 18 are elective in nature and not required by ORC.

Additional comparisons of course census showed that 12 courses had less than 20 students per class while only 11 courses had more than 20 but less than 26 students per class. Programs that reported the smallest enrollment were French IV and Photo 1 (three students each), and Industry Photo / Video, Math 1 Pre-calculus/Calculus, and Advance Placement Physics with seven students in each class. Programs reporting the largest enrollment consisted of sophomore English with 60 students, US History with 60 students, and World History with 48 students.

YSEVSD meets the graduation requirements as established in ORC. However, the high number of elective and advanced placement courses the District offers is reflected in higher program costs per pupil. It will be critical that the District consider cost and future program offering in relation to the educational outcomes desired by both the Board and community.

- R3 YSEVSD should examine instructional cost and course curriculum annually, to determine an appropriate level of program offerings since the majority of the costs to operate a school district are directly related to salaries, wages, and benefits. Costs typically escalate as districts offer additional programs above State requirements. When examining course design, the District should take into consideration available resources, desired educational outcomes, community input and service levels, and the ultimate cost impact to the District.**

3. Staffing Levels and Allocation

The District operates two school buildings: an elementary and a combination middle school/high school. The elementary school building houses grades kindergarten through six. The middle/high school building houses grades seven through twelve. The District sold the original middle school to the Greene County Educational Service Center (ESC). As the result of the sale of the middle school, the middle school students were moved into the high school building. In 2004, a new wing was added onto the high school for the middle school classes. The District leases office space from the village to house its central office. The central office is across the street from the elementary school and is within two miles of the middle/high school. YSEVSD also has a bus barn that is behind the high school.

The District reports student enrollment and staffing levels to ODE through the Education Management Information System (EMIS). Student enrollment is used in this audit to calculate the number of full-time equivalent (FTE) employees per 1,000 pupils. The EMIS staffing reports were reviewed for accuracy and AOS determined that there were errors, such as incorrect assignments of FTE percentages (see **F4**). AOS used the EMIS data that the District reported to ODE, but made adjustments to resolve identified errors and make the data useable for the purposes of this audit.

According to FY 2008-09 EMIS reports, the District employees 85.19 FTE employees, consisting of 64.64 FTE certificated⁹ employees and 20.55 FTE classified¹⁰ employees. **Table 11** shows the number of FTE employees per 1,000 students for YSEVSD and compares that data to the peer district average on a function basis. Presenting staffing data on a per-1,000 pupil basis reduces variances attributable to the enrollment size of the districts.

⁹ Certificated employees includes administrators and professional educators

¹⁰ Classified employees consist of professional – other, technical, office/clerical, crafts/trades, transportation, and service workers.

Table 11: YSEVSD Staffing Comparison Summary

	YSEVSD		Peer Average		Differences	
	FTE Staff	FTE/1,000 Pupils	FTE Staff	FTE/1,000 Pupils	FTE Staff	FTE/1,000 Pupils
Administrative¹	4.0	6.0	10.2	7.8	(6.2)	(1.8)
Office/Clerical²	5.7	8.6	11.8	8.6	(6.1)	0.0
Teaching³	42.5	64.1	80.9	58.4	(38.4)	5.7
Education Service Personnel (ESP)⁴	6.8	10.2	15.1	11.8	(8.3)	(1.6)
Educational Support⁵	3.0	4.5	7.6	5.2	(4.6)	(0.7)
Other Certificated⁶	1.0	1.5	1.1	0.9	(0.1)	0.6
Non-Certificated Classroom Support⁷	6.0	9.1	14.6	11.0	(8.6)	(1.9)
Other Technical/Professional Staff⁸	1.0	1.5	3.7	2.7	(2.7)	(1.2)
Other Student Services⁹	0.2	0.3	3.2	2.2	(3.0)	(1.9)
Operations	11.3	17.1	31.0	24.8	(19.7)	(7.7)
Total Staff	81.5	122.9	179.1	133.3	(97.6)	(10.4)

Source: YSEVSD ODE EMIS FY 2008-09 report adjusted to reflect FY 2009-10 staffing and Peer Districts ODE FY 2008-09 EMIS report.

¹ Administrative includes central office and building leave administrators, directors and coordinators, as well as personal responsible for the planning, management, evaluation, and operation of the District

² Office/Clerical includes all 500 position codes except 505 Teacher Aides plus Administrative Assistants (101) and Attendance Officers (901).

³ Teachers include General Education, Special Education, Career-Technical Programs/Pathways, Gifted and Talented, Preschool Special Education, and Preschool Handicapped Itinerant teaching assignment. It does not include ESP Teachers

⁴ Education Service Personnel include K-8 Art, Music, and P.E. Teachers, Counselors, Librarians, Registered Nurses, Social Workers, and Visiting Teachers per ORC 3317.023(A)(2).

⁵ Educational Support includes Remedial Specialists, Tutors/Small Group Instructors, and Supplemental Service Teachers

⁶ Other Certificated includes Curriculum Specialists, Audio-Visual Staff, Permanent Substitutes, Teacher Mentor/Evaluator, and Other Education Professionals.

⁷ Non-Certificated Classroom Support includes Teaching Aides, Paraprofessional Instructors, and Attendants.

⁸ Other Technical/Professional Staff include Library Aides, Computer Support Staff, and all other professional and technical staff.

⁹ Other Student Services include Psychologists, Therapists, Speech and Language Therapists, Practical Nurses, etc.

YSEVSD does not have a designated human resource department. The human resource functions of the District are allocated between the Superintendent, Treasurer, and building principals. The Superintendent and building principals work together in filling certificated positions at each building.

- F4** Two members of the administrative staff enter and maintain EMIS data for the District. The Assistant Treasurer enters staffing demographics and the Superintendent's Administrative Assistant reviews and updates the position data.

The District has several staff whose job functions span more than one department, as well as employees who work fewer daily hours than the standard hours for the respective position. However, the staffing data submitted in EMIS for FY 2008-09 did not accurately reflect the full-time equivalent percent for those employees. For example, the clinic aide at Mills Lawn Elementary School works two hours a day. According to the reported EMIS data, the clinic aid was listed as 1.0 FTE monitor.

ORC § 3301.0714 contains guidelines for operation of the EMIS system which include the requirement to report personnel and classroom enrollment data. The total number of certificated and classified employees, and the FTE staffing by category are required to be reported and maintained for each Ohio school district. ODE created a manual that outlines specific instructions for EMIS data submission. The data should be submitted in accordance with EMIS manual instructions, which include procedures for ensuring the accuracy and completeness of the data before submission and through a data verification process. While districts are not required to use the State provided software, they are required to submit accurate data in accordance with requirements developed by ODE. Chapter 3 of the EMIS manual is devoted to the submission of staff data and the requirements associated with ensuring the accuracy and validity of the data.

EMIS system data is used for State and federal reporting, funding and distribution of payments; an academic accountability system; and the generation of Statewide and district reports. EMIS data also can be used by districts when making management decisions, including compliance with required staffing levels. Improperly entering information can cause a district to over- or under-report the number of employees, the hours they work, and their annual wages. In addition, inaccurate information can negatively affect the District decision-making process. EMIS training is available through the regional ITC at no cost to the District.

- R4** **District staff responsible for EMIS reporting should continue to attend training to ensure the definitions, procedures, and guidelines in the EMIS Manual are appropriately and consistently used. Training helps ensure the accuracy of data entered and assists in accurate staffing assessments, which is of high importance to the District because it allocates several job assignments to specific employees.. Accuracy in capturing job assignments will help YSEVSD better depict and understand its staffing allocation and mix.**

- F5** YSEVSD maintains two school buildings; an elementary and a middle/high school; one modular classroom at the elementary; a bus barn; and the central office. The District

employs 5.9 FTE custodians, 1.0 FTE maintenance worker, and 1.0 FTE groundskeeper. The day shift custodian at the elementary school also cleans the central office three days a week. **Table 12** and **Table 13** shows the FTE allocations for custodial, maintenance, and groundskeeper staffing levels.

Table 12: Custodial Staffing Comparison for FY 2008-09

	Day Shift FTE's	PM / Late FTE's	Square Footage ²	Square Footage Per FTE	FTE's based on Recommended Workload ¹	Difference
Elementary	1.0	1.5	43,800	17,520	1.5	1.0
Middle/High	1.0	2.4	56,500	16,618	1.9	1.5
Total	2.0	3.9	100,300	17,000	3.4	2.5

Source: District interviews, NCES Planning Guide for School Facilities

¹ The benchmark is based on 29,500 square feet per FTE.

² The square footage does not include the central office.

According to the National Center for Educational Statistic's *Planning Guide for School Facilities* (NCES, 2003), the average median square footage per custodian is approximately 29,500. On average, the District's custodians clean approximately 12,600 fewer square feet than the benchmark. By eliminating 2.5 FTEs, the District could improve productivity at the middle/high school, and decrease salary and benefit expenditures.

Table 13: Recommended Maintenance and Groundskeeper Staff Levels

	FTE's	Acre ²	Square Footage	FTE's based on Recommended Workload ¹	Difference
Maintenance	1.0	N/A	99,400	1.0	0.0
Groundskeeper	1.0	44	N/A	1.1	0.1
Total	2.0	44	99,400	2.1	0.1

Source: District interviews, AS&U benchmarks

¹ The benchmark is based on 40 acres per 1.0 FTE groundskeeper and 95,000 square feet per 1.0 FTE maintenance employee.

² Acreage includes the land around the ESC building.

As illustrated **Table 13**, YSEVSD's maintenance and groundskeeper staffing levels are in line with AS&U benchmarks.

Table 14 shows a comparison of YSEVSD's maintenance and operations costs with AS&U benchmarks on a per square foot basis.

Table 14: Maintenance and Operations FY 2008-09 Cost Per Square Foot

	YSEVSD	AS&U	Difference
Total M&O Costs	\$692,888	N/A	N/A
Costs Per Square Foot	\$6.07	\$4.42	\$1.65
Personal Costs	\$2.54	\$2.07	\$0.47
Revised Personal Costs	\$1.84	\$2.07	(\$0.23)
Revised Cost Per Square Foot	\$5.36	\$4.42	\$0.94

Source: YSEVSD Treasurer and AS&U benchmarks

Benchmark cost studies completed by AS&U also indicate that YSEVSD’s total facility cost per square foot is \$1.65 above the recommended levels. Approximately 30 percent (\$0.42 per square foot) of the additional cost is directly related to payroll of the custodial, maintenance, and groundskeeper function. Assuming that the reduction of 2.5 FTE custodial positions occurred, personal cost per square foot would be reduced to \$1.84 which would bring the District expenses under the AS&U cost by approximately \$0.20. In addition, the reduction would bring the overall facilities cost down to \$5.26 per square foot, which would be within \$1.00 of the AS&U average cost per square foot.

R5 YSEVSD should consider eliminating 2.5 FTE custodial positions to bring District performance levels in line with the NCES benchmark of 29,500 square feet per custodial FTE. By eliminating 2.5 FTE custodial positions, the District would save approximately \$116,700 in salaries and benefits starting in FY 2010-11.

F6 The District has clerical staff at both school buildings and at the central office. The clerical employees at the school buildings are responsible for contacting substitutes, tracking student attendance, handling student records, and overseeing purchase orders. The clerical employees at the central office fulfill various job functions such as EMIS reporting, transportation dispatching, accounts payable processing, and other routine clerical functions. A comparison of clerical staff levels for YSEVSD to the peer average is shown in **Table 15**.

Table 15: Office/Clerical Staff Comparison

Full-time Equivalent (FTE) Staff			
	Yellow Springs EVSD	Peer Average	Difference
Clerical Staff (FTE)	3.41	10.64	(7.23)
All Other Office Staff (FTE)	2.27	1.13	1.14
Total FTE Office/Clerical Staff (FTE)¹	5.68	11.77	(6.09)
FTE Staff per 1,000 Pupils			
	Yellow Springs EVSD	Peer Average	Difference
Students Educated (FTE)	662.71	1,391.66	(728.95)
Clerical Staff (per 1,000)	5.15	7.96	(2.81)
All Other Office Staff (per 1,000)	3.43	0.62	2.81
Total Office/Clerical Staff (per 1,000)	8.58	8.58	-
FTE Above (Below) Peer Average Staff per 1,000 Pupils			-
FTE Staff per Employee			
Total FTE Office/Clerical Staff	5.68	11.77	(6.09)
FTE Employee (excluding office/clerical)	75.72	167.34	(91.62)
Employees per Office/Clerical Staff	13.33	14.58	(1.25)
Total FTE Office/Clerical Staff Above (Below) Peer Average			(0.5)

Source: YSEVSD FY 2008-09 EMIS adjusted and peer districts FY 2008-09 ODE EMIS Report

¹ The District’s FTE Office/Clerical number has been adjusted from EMIS to reflect clerical employees that work less than 8 hours a day and 10 and 11-month positions.

As illustrated in **Table 15**, YSEVSD’s clerical staffing per 1,000 pupils is comparable to the peer average. When compared to the peers for FTE clerical support to staff, the District is 0.5 clerical FTE above the peer average. Based on **Table 15**, this assessment does not yield a recommendation.

4. Benefits and Collective Bargaining

In past years, YSEVSD used a traditional adversarial approach to collective bargaining. Now, the District uses an interest-based bargaining (IBB) approach and, according to administrators, has had much more constructive bargaining sessions. The negotiating team usually consists of the Superintendent, Treasurer, and up to two board members. The Superintendent focuses on the academic aspect of the contract and the Treasurer handles the cost/money impact of the bargaining issues. Legal counsel is available for consultation, but normally does not attend the bargaining sessions. In the past, legal counsel was a part of the bargaining team and took a lead in the negotiation process.

The certificated collective bargaining agreement contains a process for negotiations. Discussions can be initiated by either party from 120 to 90 days before the expiration of the contract. Pre-negotiation meetings are required to commit openly to a successful process using the IBB methodology. However, the classified collective bargaining agreement does not contain wording requiring this type of negotiating process.

According to the 2006 SERB Academy's, *Collective Bargaining in Ohio Schools*, historical collective bargaining has followed the adversarial, positional mode. Private sector labor negotiations have long been dominated by the use of economic power to determine bargaining outcomes.

Interest-based bargaining was first developed in the 1970's and offers a collaborative procedure to negotiate the best contract for both parties. According to *Interest-Based Bargaining in Education* (Klingle, Sally, NEA 2003):

Interest-based bargaining draws on the experience gained from a number of alternatives to traditional collective bargaining practices, each focused on changing the structure, process, or behavioral patterns in contract negotiations. The structural differences in an IBB approach are in the composition of the bargaining team, the amount and type of information used in negotiations, and the involvement of constituents. IBB negotiations involve more of the key decision makers, rely less on professional advocates, and typically eliminate the chief spokesperson role. In contrast to traditional bargaining, information is jointly gathered and analyzed prior to or during IBB negotiations and is shared as openly as possible. Increased attention is paid to the needs of constituents and to involving or informing them throughout the bargaining process.

According to YSEVSD administration, collective bargaining has been more effective under the IBB methodology.

Collective bargaining has a direct effect on approximately 80.5 percent of the expenditures (salaries and benefits) at YSEVSD (see **Table 4**). Salaries and wages are based on the

negotiated agreement. In addition, collective bargaining generally sets the parameters for other benefits, such as health care, leave accrual and usage, and life insurance.

YSEVSD's employees are covered by two collective bargaining agreements.

- The Yellow Springs Educational Association (Affiliated with OEA and NEA) represents the certificated employees¹¹ with a contract period of August 1, 2008 – July 31, 2011.
- The classified employees are represented by Local 644 of the Ohio Association of Public School Employees, AFSCME, AFL-CIO with a contract period of August 1, 2008- July 31, 2011.

Benefits

F7 YSEVSD purchases medical, dental, vision, and life insurance through the Southwestern Ohio Educational Purchasing Council (EPC). The medical plan offered to District employees is a Preferred Provider Organization Plan (PPO), which is administered by Anthem. Delta Dental administers the District's dental plan, while Vision Service Plan (VSP) administers the vision plan. In FY 2009-10, the District has 82 employees that participate in the District's medical plan: 22 single plans, 12 employee plus child plans, and 48 family plans. Although the District does not offer an incentive to opt out of medical coverage, six employees have chosen not to participate in one of the District's plans. YSEVSD deducts the employee's portion of the health insurance premiums from the first paycheck of each month. **Table 16** compares the District's annual premiums with the State Employment Relations Board (SERB) Statewide and SERB Dayton Region averages.

¹¹ Excludes per diem substitutes, intern teachers, supervisory and administrative personnel, and any other certificated or non-certificated personnel employed by the Board in a non-teaching position.

Table 16: Annual Insurance Premium Comparison

	YSEVSD	SERB Statewide Average	Percent Difference to Statewide Average	SERB Dayton Region Average	Percent Difference to Dayton Average
Medical					
Single	\$4,767	\$5,256	(10.2%)	\$4,942	(3.7%)
Employee Plus Child	\$8,581	N/A	N/A	N/A	N/A
Family	\$12,003	\$13,787	(14.9%)	\$13,302	(10.8%)
Dental					
Single	\$405	\$463	(14.3%)	\$351	13.3%
Family	\$1,024	\$936	8.6%	\$831	18.8%
Vision					
Single	\$87	\$97	(36.1%)	\$126	(45.2%)
Family	\$203	\$238	(17.5%)	\$257	(26.6%)

Source: YSEVSD FY 2009-10 premiums, SERB's 2008-09 17th Annual Report on the Cost of Health Insurance in Ohio's Public Sector.

As illustrated in **Table 16**, the District offers three levels of medical coverage and is able to reduce the overall premiums by offering an employee plus child plan. Furthermore, employees that have chosen to participate in the District's medical insurance receive an additional benefit of \$500, which is contributed towards an employee flexible spending account. The District contributed a total of \$41,000 toward the flexible spending benefit for FY 2009-10. **Table 17** compares the annual premium with the flexible spending amount to the SERB Statewide and Dayton Region average.

Table 17: Annual Medical Premium with Flexible Contribution

	YSEVSD	SERB Statewide Average	% Difference to Statewide Average	SERB Dayton Region Average	% Difference to Dayton Average
Medical					
Single	\$5,267	\$5,256	0.2%	\$4,942	6.2%
Employee + Child	\$9,081	N/A	N/A	N/A	N/A
Family	\$12,503	\$13,787	(10.3%)	\$13,302	(6.4%)

Source: YSEVSD FY 2009-10 premiums and flexible spending amounts, SERB's 2008-09 17th Annual Report on the Cost of Health Insurance in Ohio's Public Sector.

Table 17 shows that with the additional benefit of the flexible spending account contribution, the annual premiums are still in line with the Statewide and Dayton Region average as reported by SERB.

YSEVSD's negotiated agreements outline the percentage of contribution by the District and the employee for healthcare coverage. The employee's contribution is based on

whether the employee is full-time or part-time, or if the employee is certificated or classified staff. The percentages of the monthly premium contributed by the District and full-time employees are outlined in **Table 18**.

Table 18: YSEVSD Employee Contribution Rates

	Total Monthly Premium	District Monthly Share	Employee Monthly Share	Percent Paid by District	Percent Paid by Employee
Medical					
Single	\$397.27	\$377.41	\$19.86	95%	5%
Employee + Child	\$715.08	\$643.57	\$71.51	90%	10%
Family	\$1,000.23	\$900.21	\$100.02	90%	10%
Dental					
Single	\$33.73	\$32.04	\$1.69	95%	5%
Family	\$85.32	\$76.79	\$8.53	90%	10%
Vision					
Single	\$7.25	\$6.89	\$0.36	95%	5%
Family	\$16.90	\$15.21	\$1.69	90%	10%

Source: YSEVSD FY 2009-10 medical premiums for full-time employees

As shown in **Table 18**, YSEVSD contributes 95 percent for a single plan of medical, dental, and vision coverage. According to SERB, employees in the Dayton Region contribute on average 10 percent for single medical coverage and 11 percent for family medical coverage. Kaiser reports that the average employee contribution toward medical coverage for a single plan is 17 percent and 27 percent for family coverage. Although the District's annual premiums are in line with the SERB Statewide and Dayton Region average, as shown in **Table 16** and **Table 17**, YSEVSD employees are contributing less than the average reported by SERB and Kaiser. By increasing the employee contribution percent for medical coverage to the Dayton Region average, the District would be decreasing its costs associated with health insurance by approximately \$11,700 annually. Additional savings could be obtained by offering an incentive to opt out of the District's medical plan.

Benefit levels such as co-payments, deductibles, and out-of-pocket maximums play a part in determining the amount of premium for each level of coverage. The District's benefit levels for medical, dental, and vision coverage are compared to the State Employee Relations Board (SERB) Report in **Table 16**.

In addition to health insurance, the District also provides \$60,000 in life insurance to 84 full-time employees and \$30,000 to 3 part-time employees. Each life insurance plan costs the District \$0.095 per month for every \$1,000 of coverage. According to the Ohio Education Association's (OEA) *Survey of School District and Educational Service*

Center Health and Life Insurance Plans (2008), the average value of life insurance offered to employees is \$35,000 at an average cost of \$0.14 per \$1,000 of coverage. While the District's cost of life insurance per \$1,000 is less than the OEA average premiums, the amount of life insurance provided to YSEVSD employee's is higher than the OEA average.

R6 YSEVSD should consider increasing employee contributions or offering an incentive to opt out of the District's medical plan. Increasing the employee contribution percent for medical coverage to the Dayton Region average would decrease the health insurance costs by approximately \$11,700 annually.

F8 District employees accrue 1.25 sick leave days per month for a total of 15 days per year, which is in line with ORC § 3319.141. Upon separation with the District, certificated staff receive one-fourth of the maximum accumulated sick leave up to 300 days, while the classified staff will receive one-fourth of accumulated leave, not to exceed 60 days paid out. Furthermore, the District has also implemented a sick leave policy that states that sick leave shall be subject to the following conditions:

- Personal illness: bona fide physical or mental incapacity of the staff member to report for and discharge his or her duties to the extent of unused days of credit.
- Illness or serious injury in the immediate family: Absence necessitated because of the personal attendance of the employee. (Immediate family shall include the staff member's spouse or life partner, children, parents or foster parents, parents-in-law, brothers, sisters, and any other person for whose financial or physical care he or she is principally responsible.)
- Exposure to communicable disease which could be communicated [to others].

Although the District has implemented a sick leave policy, the accumulated average sick leave usage for certificated and classified employees exceeds the Ohio Education Association (OEA) average by 9.0 hours per employee. **Table 19** compares the Districts sick leave use in FY 2008-09 by classification to OEA.

Table 19: FY 2008-09 Sick Leave Usage

Certificated Sick Leave Comparison	
Number of Employees	52.0
Sick leave (days)	406.5
Sick leave (hours)	3,252.0
Hours per Employee	62.5
OEA State Average	68.5
Hours per Employee Above State Average	(6.0)
Classified Sick Leave Comparison	
Number of Employees	28.0
Sick Leave (days)	371.7
Sick Leave (hours)	2,973.2
Hours Per Employee	106.2
OEA State Average	69.1
Hours Per Employee Above State Average	37.1
Combined Sick Leave Comparison	
Number of Employees	80.0
Sick Leave (days)	778.2
Sick Leave (hours)	6,225.2
Hours Per Employee	77.8
OEA State Average	68.8
Hours Per Employee Above State Average	9.0

Source: YSEVSD leave usage reports and OEA averages as reported by Ohio Department of Administrative Services

Collectively, the Districts employees used 9.0 hours in excess of the OEAs average. Separated into classifications, the certificated employees used 6.0 hours less and the classified used 37.1 hours more than the OEA average. Further examination of the days used per employee showed that one certificated and one classified staff used a high number of sick leave days, which skewed the District average. Clarification by District administrators showed that the high number of days were allowable under existing policy. **Table 20** illustrates sick leave usage excluding the outliers within the Districts.

Table 20: Adjusted FY 2008-09 Combined Sick Leave Usage

Combined Sick Leave Comparison	
Number of Employees	88.0
Sick Leave (days)	634.7
Sick Leave (hours)	5,077.2
Hours Per Employee	65.1
OEA State Average	68.8
Hours Per Employee Above State Average	(3.7)

Source: YSEVSD leave usage reports and OEA averages as reported by Ohio Department of Administrative Services

Excluding the outliers, the District sick leave usage is 3.7 hours below the OEA average. However, further examination of classifications showed that the certificated staff are 14.1

hours below while the classified staff is still 16.3 hours above OEA. Although the overall revised average is below the OEA average, 40.7¹² percent of classified staff and 23.5 percent of certificated staff are using hours above the OEA average on an individual basis.

How to Improve Employee Attendance (Business & Legal Reports, Inc., 1999) suggest that an entity should create a sick leave policy and practices that are clearly written, outlines expatiations, clearly defines poor attendance, and list disciplinary actions. Furthermore, an attendance rating system should be incorporated within employee evaluations to communicate how the employee is rate to the District expatiations. Additionally, the policy should comply with the federal Family and Medical Leave Act (FMLA), Americans with Disabilities Act (ADA) or overlapping state laws or regulations. Lastly, it is imperative that policies and practices are followed and that each employee is treated consistently and fairly.

YSEVSD should examine absentee history and available information and manage specific problem areas. In addition, by analyzing problem areas and applying strategies to change the organizational climate, the District may eliminate those factors contributing to higher rates of sick leave usage.

R7 YSEVSD should examine its current sick leave policy and incorporate additional controls and elements of leading practices to help monitor, communicate, and potentially reduce sick leave usage. Excess leave usage can be costly to the District by creating missed deadlines, increasing the use of substitutes, and causing low morale and resentment among co-workers.

F9 Higher instructional cost, as identified in **Table 2**, can be attributed to both staffing levels (**F1**) and the years of experience of staff. YSEVSD has the potential of benefiting from the implementation of an early retirement incentive (ERI). As of FY 2009-10, 9.5 percent of the District employees had experience levels of over 30 years. Of the remaining staff, 13.2 percent had 21 to 30 years of service credit.

ORC § 3307.58 permits any member participating in the plan described in sections 3307.50 to 3307.79 of the Revised Code who has five years of service credit and has attained age sixty, or who has twenty-five years of service credit and has attained age fifty-five, or who has thirty years of service credit shall be granted service retirement after filing with the state teachers retirement board a completed application on a form approved by the board.

¹² If sick leave occurred, the majority of the positions would require a substitute due to the necessity of the job function increasing the cost to the District.

According to *Evaluating the Use of Early Retirement Incentives* (GFOA, 2004), governments should examine with caution if considering early retirement incentives. Governments should take several actions prior to the decision to offer an ERI in terms of goal-setting, cost/benefit analysis, and budgetary analysis. Governments should also develop an implementation plan. In addition, the Ohio Office of Budget and Management has developed the following criteria for agencies considering ERIs:

- Provide a documented cost savings, including the projected cost/saving that the early retirement incentive plan will provide, the time required to achieve those saving, and the actions that the agency will take to achieve those savings. Cost savings should be based on the elimination of the positions by the retirees and/or the filling of these positions with lower cost employees.
- Be affordable within the agency's current appropriations; and
- Help the agency meet its defined management goal.

The development of an ERI is a lengthy process that takes a good deal of thought and effort. ERI's offer an alternative for organizations seeking to reduce staff, eliminate service offerings, or reduce financial obligations. The organizational goals and objectives in offering an ERI must be clearly identified and well communicated to stakeholders. Lastly, it is critical that an entity perform comprehensive cost analyze of the ERI before implementation.

R8 On an annual basis, YSEVSD should examine the cost benefit of offering an early retirement incentive (ERI). ERI's are typically offered to help reduce expenditures and can be used as a method for eliminating program or course offerings.

Financial Implications Summary

The following table represents a summary of estimated one-time and annual costs, and annual cost savings identified in this section of the report.

Summary of Financial Implications

Recommendations	Annual Cost Savings
R1 Eliminate 4.0 FTE teaching positions	\$319,000
R2 Eliminate 2.0 FTE intervention specialist or special needs assistant positions.	\$44,000 - \$159,000
R5 Eliminate 2.5 FTE custodial positions	\$116,700
R6 increase employee premium contributions to the Dayton Region average	\$11,700
Total Financial Implication	\$491,400-\$606,400

Source: AOS Recommendations

DISTRICT RESPONSE

District Response

The letter that follows is Yellow Springs Exempted Village School District's (YSEVSD) official response to the performance audit. Periodic status meetings and discussions were held throughout the engagement to inform YSEVSD of key issues affecting selected areas and share proposed findings and conclusion to improve or enhance program and business-side operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and reporting the results. YSEVSD provided verbal and written comments in the response to various assessments, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the District comments.

The District's response does not note any disagreements or unresolved factual matters. As a result, no additional report revisions were necessary.



Yellow Springs Schools

Board of Education Office
201 South Walnut Street • Yellow Springs, Ohio 45387
www.yellow-springs.k12.oh.us

March 11, 2010

Mary Taylor, Auditor of State
88 East Broad Street
Columbus, Ohio 43215

Dear Auditor Taylor:

The Yellow Springs Exempted Village School District received the results of the performance audit conducted by your office. We were pleased with the quality of the work done in listening to our concerns, structuring the audit to meet our needs, keeping us informed at critical checkpoints, and presenting an overview that concentrated on methodology, findings and recommendations, and gave the Board and administration the opportunity to ask questions.

Our audit included analysis, findings and recommendations related to: overall program costs; required and elective programs; staffing levels and allocations; and benefits and collective bargaining. We are experiencing deficit spending for the first time this year and therefore the recommendations provided for the audit will be critical as we make decisions about next year's budget and project district finances into the future. Since our community has a strong tradition of public engagement the data from the audit will be used to inform our public and to provide a benchmark from which to compare ourselves to similar districts.

Although the greatest benefit of the audit was to help us pinpoint areas of concern, it also provided an overview of the things we do that our special for a district of our size. The audit demonstrated the cost of offering a very comprehensive program. We employ more staff and spend more money in areas such as special education and the arts than our peers and the audit validates the fact that our program reflects community values and desires. However, audit recommendations also provide alternatives that we will consider as we deal with declining revenue.

On behalf of Joy Kitzmiller, our treasurer, and the Yellow Springs Board of Education I would like to express my thanks and appreciation to your staff that helped us get this important overview of our district before we reach a crisis state.

Respectfully,

Anthony M. Armocida, Ph.D.
Superintendent, Yellow Springs Schools



**Auditor of State
Mary Taylor, CPA**

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