

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907)465-2347
legaudit@legis.state.ak.us

SUMMARY OF: A Special Report on the Department of Education and Early Development, Special Education Service Agency, October 9, 2007.

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we conducted a review of the Special Education Service Agency's (SESA) activities. The review was structured to evaluate the activities of SESA using the 11 criteria set out in state sunset law. We also reviewed the current status of the seven audit recommendations set out in our agency's prior sunset review report issued in December 2003.¹

REPORT CONCLUSIONS

In our opinion, SESA meets a valid public need by:

- (1) assisting school districts to provide students with what are termed low-incidence disabilities an education that meets their unique needs;
- (2) affording educational opportunities to enhance the capabilities of school district teachers and paraprofessionals;
- (3) providing resources related to what are termed low-incidence disabilities; and,
- (4) providing early intervention services for infants and toddlers with hearing or visual impairments.

FINDINGS AND RECOMMENDATIONS

Our December 2003 prior sunset audit report had seven recommendations. Three of the recommendations were implemented by SESA and one recommendation is no longer a significant audit issue. SESA has made significant progress in implementing the remaining three recommendations.

¹ Division of Legislative Audit report #05-20026-04, dated December 18, 2003.

The prior recommendations and the current implementation status are as follows:

1. SESA should transition to videoconferencing as the norm for delivery of its services.

Implementation of this recommendation has proven to be problematic. The videoconferencing technology infrastructure has proven difficult to maintain and expand to a level where it can be consistently relied on to provide sufficient service delivery.

2. SESA's management should spearhead a state special education training consortium to formally advance the capabilities of school district personnel.

The central intent behind this recommendation has been implemented.

3. SESA should apply for a federal subsidy of up to 90 percent of its telecommunications expense.

This recommendation has been implemented. SESA applied for and received a federal subsidy of \$8,158 in FY 06 and \$14,023 in FY 07. An application for a FY 08 subsidy is in process.

4. SESA's management should aggressively pursue opportunities for more diversified funding.

SESA has taken action to expand and diversify sources for potential funding, although to-date the agency's efforts have not resulted in a significant amount of additional funding.

5. SESA should continue to enhance the availability of its specialized library to the general public.

This recommendation has been implemented.

6. DEED and the Governor's Council should appoint representatives who will attend SESA board meetings.

This recommendation has been partially implemented.

7. As a statutorily-created entity of state government, SESA should investigate the necessity of filing tax returns and pay excise taxes.

SESA has not implemented this recommendation. However, it is no longer a significant audit issue. As previously discussed, SESA management is applying for grants from governmental agencies and public or private foundations. The private foundations require submission of the requesting agency's IRS informational tax return. Therefore, SESA management has determined that the potential for additional sources of revenue outweighs the annual \$800 cost savings that would be realized if the IRS return was not filed.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 9811-3300
(907) 465-3830
FAX (907)465-2347
legaudit@legis.state.ak.us

October 30, 2007

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT SPECIAL EDUCATION SERVICE AGENCY

October 9, 2007

Audit Control Number

05-30038-07

This report discusses the activities of the Special Education Service Agency (SESA). This organization, which is subject to the state sunset review process, had its statutory termination date extended to June 30, 2013 by the 2004 legislature. However, the performance audit report prepared as part of the sunset review process included seven audit recommendations. Accordingly, we were directed to conduct a follow-up review to our prior performance audit and report on the progress of the agency in implementing our recommendations, in addition to assessing its performance using criteria in the sunset law. This report concludes SESA is still meeting a valid public need, and has made progress in implementing many of the prior audit recommendations.

The audit was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Objectives, Scope, and Methodology	1
Organization and Function	3
Background Information.....	5
Report Conclusions.....	9
Findings and Recommendations.....	11
Auditor Comments.....	19
Analysis of Public Need	21
Appendices	
Appendix A – Schedule of Revenues and Expenditures, for the Fiscal Years 2004 - 2007	29
Appendix B – FY 07 Students by School District and by Primary Disability	31
Agency Responses	
Special Education Service Agency.....	33
Department of Education and Early Development.....	35

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we conducted a review to evaluate the Special Education Service Agency's (SESA) activities. In general, the review covered SESA activities since January 2004, shortly after the issuance date of the prior performance audit conducted in conjunction with the sunset review process.

Accordingly, this follow-up review involved evaluating the status of the seven recommendations made in the December 2003 performance audit report¹ and utilized the 11 criteria set out in state sunset review law as a basis for conducting this audit.

Scope of the Review

The overall scope period of this review essentially extends from January 2004 through the end of FY 07. Review of student caseload activity was limited to the two most recently completed school years (2005-2006 and 2006-2007), that were summarized and reflected in agency statistical reports for FY 06 and FY 07.

Methodology

We conducted interviews with SESA administrators and instructional specialists, administrators at the Department of Education and Early Development (DEED), management of the Southeast Regional Resource Center (SERRC), the Governor's Council on Disabilities and Special Education (GCDSE) executive director, the executive director of the Association of Education Service Agencies, management of other state education service agencies, and other individuals familiar with the activities of the agency. Additionally, we conducted the following actions in developing our audit findings and conclusions:

- We examined minutes of SESA's board from January 2004 through the end of FY 07 in order to confirm attendance of various board members, determine what significant policy issues were dealt with by board members, and confirm important actions taken by the board. Minutes also confirmed that members of the public were consistently provided an opportunity to address the board and we verified that meetings were publicly noticed.
- We reviewed and considered the adopted bylaws of SESA's board to better understand the basis for the composition of the board and its oversight responsibilities for the agency's activities.

¹ Division of Legislative Audit report #05-20026-04, dated December 18, 2003.

- We reviewed minutes and reports related to various actions taken by the GCDSE board and its committees since January 2004. This was done to better understand how the GCDSE board provided governance over SESA's activities, including recommendations to the Mental Health Trust Authority for SESA funding, and collaboration with other agencies and organizations to enhance the capabilities of school district personnel in the area of special education.
- We analyzed the database records of travel completed by SESA's education specialists for FY 06 and FY 07 in order to confirm the frequency and duration of their travel to school districts.
- We reviewed and considered the statutes related to governance to develop an understanding of how the provisions of state law had an impact on SESA operations. This provided us a context to assess SESA operations and consider the extent to which they were consistent with the requirements of state law.
- We obtained and reviewed SESA's plan of operations submitted to the special education director at DEED, for the years FY 05 – FY 07.
- We obtained and reviewed budget documents prepared by DEED related to legislative appropriation requests for FY 05 – FY 07. Such documents provide perspective on how SESA's activities are being described to the legislature and whether they are consistent with SESA's statutory mandate.
- We examined documents related to SESA's efforts to identify and solicit grant funding to verify the extent the agency has pursued other funding sources.
- We analyzed SESA's revenues and expenditures for the years FY 04 – FY 07 to identify funding sources and financial trends.
- We analyzed the staff turnover since January 2004 and reviewed information in the board minutes regarding recruitment efforts.
- We assessed records of training sessions led by SESA education specialists to determine the targeted audiences and to verify the nature and extent of this operational activity.
- We reviewed selected files related to students receiving services through SESA's Low-Incidence Disability program for each of the five disability classifications. This was done to better understand and verify the nature and extent of this operational activity.
- We determined the program services provided by SERRC, reviewed the position descriptions and qualifications of its professional special education staff, and analyzed its funding sources and expenditures. The purpose was to determine any duplicative activities with SESA.

ORGANIZATION AND FUNCTION

The Special Education Service Agency (SESA) was established as a public organization by chapter 112, SLA 1986 and formed as a not-for-profit corporation in August 1986. SESA is governed by the Governor's Council on Disabilities and Special Education (Governor's Council).² However, SESA has its own independent board of directors through which the Governor's Council exercises its statutory authority.

SESA's bylaws require that not less than five nor more than seven Governor's Council members be on SESA's board.³ This gives the Governor's Council a voting majority on SESA's board. Representation on SESA's board of directors also includes a member from the Alaska Council of Administrators of Special Education, the National Education Association of Alaska, the Alaska Association of School Administrators, and the special education director of the Department of Education and Early Development (DEED).

The federal Individuals with Disabilities Education Act of 2004 (IDEA) requires states to provide a plan

to ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs. . .

State law requires special education and related services to be provided by a school district.⁴ Each district that files a plan with DEED to provide special education and related services is eligible for state financial aid under the public school foundation program.⁵ However, districts cannot always fully serve students that have low-incident disabilities with their existing personnel and resources. SESA was created to provide these school districts⁶ with a pool of educational experts in low-incident disabilities. Through SESA services these school districts are able to fully serve the educational needs of students with low-incidence disabilities as required by IDEA and state law.

Alaska Statute 14.30.630(b)(1) requires SESA to provide the following special education services:

(A) itinerant outreach services to students who are deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically

² AS 14.30.610, Governing board

³ As required under SESA's bylaw, BB 9110. In addition, the bylaw provides that the executive director of the Governor's Council may serve as a nonvoting ex-officio member of the SESA board.

⁴ AS 14.30.186

⁵ AS 14.17.420

⁶ These are primarily rural, remote school districts.

disabled, health-impaired in other ways, and severely emotionally disturbed, and to students with multiple disabilities;

(B) special education instructional support and training of local school district special education personnel; and

(C) other services appropriate to special education needs.

In FY 07, SESA had 28 employees, including an executive director, a finance officer, a program administrator, a Dual Sensory Impairment project director, 16 teachers⁷, a librarian, a special projects manager, and 6 administrative support staff. Though SESA employees are not under the executive branch's classified personnel system, they are statutorily under the Public Employees' Retirement System or the Teachers' Retirement System.⁸

SESA's statutory funding for its low-incidence disability, educational support programs is provided and monitored through DEED.⁹ SESA submits its two-year operational plan and annual budget to DEED.¹⁰

The FY 07 budget for SESA was about \$3 million. Just over 70 percent of SESA's funding is derived from its statutory appropriation¹¹ that is received through DEED as a grant. These funds are spent on operations and support for the agency and for services provided to low-incidence disability students in various school districts.

The other 30 percent of SESA's revenue is derived from direct and state pass-through federal grants, state general funded grants, Mental Health Trust Authority funds, and interest income. These funds primarily support the Alaska Autism Resource Center, the Dual Sensory Impairment Program, and the two State Infant Learning grant programs administered by SESA.

⁷ Two were temporary employees.

⁸ AS 14.30.620

⁹ AS 14.30.650, Funding

¹⁰ AS 14.30.630(b)(3) and (4)

¹¹ Under AS 14.30.650, DEED is required to allocate to SESA an amount not less than \$15.75 for each student in the State average daily membership (ADM) from the preceding fiscal year. ADM is determined by the student counting procedures used for the public school foundation formula.

BACKGROUND INFORMATION

The following are brief descriptions of the low-incidence disability outreach programs and other programs provided by Special Education Service Agency (SESA).

Low-Incidence Disability Outreach Programs

The five low-incidence disability (LID) outreach programs are funded through the statutory appropriation from the State's general fund. The LID outreach programs are:

- Autism Impairments Program – The student must have a diagnosis of autism or Asperger's syndrome to be eligible for services.
- Hearing Impairments Program – A hearing impairment that adversely affects the student's educational performance is required in order for the student to receive services.
- Emotional Disturbances Program – Services are provided to a student diagnosed as emotionally disturbed and the associated characteristics adversely affect educational performance.
- Multiple Disabilities Program – This program serves students with:
 - › two or more severe disabilities as defined under state regulations,
 - › moderate or severe mental retardation,
 - › a severe orthopedic impairment,
 - › a chronic or acute health impairment,
 - › a traumatic brain injury, or
 - › an early childhood developmental delay that meets regulatory criteria.
- Vision Impairments Program - A student that has a visual impairment to the extent defined by regulatory criteria receives services under this program.

In order for SESA to provide services under these five programs, a written referral from a school district's special education director is required. The school district determines the student's eligibility for special education services¹² prior to the referral and provides supporting documentation of the eligibility determination to SESA.¹³

¹² 4 AAC 52.130, Criteria for determination of eligibility.

¹³ Supporting documentation includes medical, psychological, and other diagnostic reports.

Students that qualify for SESA services must have a low-incidence disability that is both severe and occurs infrequently within the school district. The assigned SESA specialist will contact the school district's special education director to arrange for the development of a service plan.

SESA assists the school districts in providing special education services to students including, but not limited to:

- specially designed instruction including the context, methodology, and delivery methods—to meet the student's unique educational needs;
- assistive technology services;¹⁴
- assessment of the child's environment to identify educational resources and needed skills;
- behavioral intervention techniques;
- instructional strategies;
- functional assessments;
- orientation and mobility training for visually impaired students;
- assistance in classroom adaptations;
- assistance in the development of the student's individual educational plan goals, objectives, and activities; and
- assistance in the coordination of appropriate specialized services.

In addition to the student consultation services, SESA provides training to school district teachers and paraprofessionals related to low-incidence disabilities through classes, web-based courses, and seminars.

Other Special Education Services

In addition to the LID outreach program services, SESA provides services through the following programs:

- Alaska Autism Resource Center (AARC) – This program provides information, referrals, training, and consultation to families, caregivers, and providers who have individuals with Autism Spectrum Disorders. Funding for the center is provided by a Department of Education and Early Development (DEED) grant funded by federal, Mental Health Trust Authority, and state general fund monies. Services are to be monitored by DEED.
- Dual Sensory Impairment (DSI) Program – Parents and professionals receive consultation and training for children and youth up to 21 years old who have both vision

¹⁴ Assistive technology services includes: evaluations of the student in the child's customary environment as required by the Individuals with Disabilities Education Act of 2004 (IDEA); provision for the acquisition of assistive technology devices and their application, maintenance, and repair; and training or technical assistance for the child, the child's family, and educational staff.

and hearing impairments. This program is funded by a five-year grant from the U.S. Department of Education. Services are monitored by DEED as part of its compliance monitoring review of SESA's LID outreach programs.

- State's Infant Learning Program (ILP) – Infants and toddlers from 0 to 3 years with a hearing or visual impairment and their families receive services under two programs: Consultation and Education for Early Hearing Impairment and Vision Impairment Services for Infants and Toddlers. SESA receives funding for this program under grant agreements with the Department of Health and Social Services (DHSS).

The sources of revenues for SESA's administration and program services for FY 07 are shown in Exhibit 1. Also, refer to Appendix A for a schedule of revenues and expenditures for fiscal years 2004 through 2007.

Exhibit 1		
<u>Schedule of Revenue Sources – FY 07¹⁵</u>		
<u>State Sources:</u>	<u>SESA Program</u>	<u>Amount</u>
DEED – SESA's Statutory Allocation, General Funds	LID	\$2,067,399
DEED – General Funds	LID	4,913
DEED – Mental Health Trust Authority Funds	AARC	100,000
DEED – Federal Discretionary Special Education Grant Funds	AARC	100,000
DEED – RSA, ¹⁶ DHSS Infant Learning Program, General Funds	AARC	22,773
DHSS – Infant Learning Program Grants, Federal Funds	ILP	59,522
DHSS – Infant Learning Program Grants, General Funds	ILP	<u>376,753</u>
	Subtotal	<u>2,731,360</u>
<u>Direct Federal Sources:</u>		
U.S. Department of Education, Projects for Deaf-Blind Children and Adults	DSI	121,232
Federal Communications Commission E-Rate Discount	LID	14,023
Federal Quota Allocation for Free Materials for the Blind ¹⁷	Library	<u>9,707</u>
	Subtotal	144,962
Interest Income and Registration Fees		<u>50,144</u>
Total Revenues		<u>\$2,926,466</u>

¹⁵ Source of information is the State's accounting system for the state sources, and the direct federal sources and interest income are from unaudited financial information from SESA.

¹⁶ Reimbursable Service Agreement

¹⁷ Under this program no dollars change hands, instead SESA recognizes the value of the free materials received as revenue and as an offsetting expense.

(Intentionally left blank)

REPORT CONCLUSIONS

We were directed to evaluate the Special Education Service Agency's (SESA) activities since the prior sunset audit using the 11 criteria under the sunset law¹⁸ and to determine the extent of implementation of the seven audit recommendations from our prior sunset audit report.¹⁹

In our opinion, SESA meets a valid public need by: (1) assisting school districts to provide students with low-incidence disabilities an education that meets their unique needs; (2) affording educational opportunities to enhance the capabilities of school district teachers and paraprofessionals; (3) providing resources related to low-incidence disabilities; and (4) performing early intervention services for infants and toddlers with hearing or visual impairments. Refer to the Analysis of Public Need section of this report for evaluation of SESA's activities.

Our December 2003 prior sunset audit report had seven recommendations. Three of the recommendations were implemented by SESA and one recommendation is no longer a significant audit issue. SESA has made significant progress in implementing the remaining three recommendations. Refer to the Findings and Recommendations section of this report for further discussion.

¹⁸ AS 44.66.050(c)

¹⁹ Division of Legislative Audit report #05-20026-04, dated December 18, 2003.

(Intentionally left blank)

FINDINGS AND RECOMMENDATIONS

The following are the seven recommendations made in our prior audit report released in December 2003, as part of the legislature's sunset review process. The termination date for the Special Education Services Agency (SESA) was extended until June 30, 2013 by the 2004 legislature.

The prior audit report included seven recommendations. We were directed to conduct a follow-up review of the prior report to assess the extent that SESA has implemented those recommendations. Three of the recommendations have been implemented by SESA and one recommendation is no longer a significant audit issue. SESA has made significant progress in implementing the remaining three recommendations. This section provides more discussion about the current status of each of the prior seven recommendations.

Prior Audit Recommendation No. 1

SESA should transition to videoconferencing as the norm for delivery of its service.

SESA had already completed the necessary infrastructure for real-time, two-way, satellite videoconferencing between Anchorage and many communities in the State. While SESA intended this system simply for follow-up to on-site visits, it possibly offered an alternative for service delivery.

In making the recommendation, we recognized that there will always be individual circumstances in which the most sophisticated videoconferencing system simply cannot substitute for an on-site visit.

Legislative Audit's Current Position

Implementation of this recommendation has proven to be problematic. The videoconferencing technology infrastructure has proven difficult to maintain and expand to a level where it can be consistently relied on to provide sufficient service delivery. While videoconferencing shows promise for supplementing service delivery efforts, current diagnostic and program protocols require specialists to continue to make face-to-face contact with students.

Of the 215 students that SESA provided itinerant outreach services during FY 07 only 76, or 35 percent, were at locations with videoconferencing capabilities.²⁰ However,

²⁰ These locations subscribe for videoconferencing services with the same provider as SESA, General Communications, Inc., in FY 07.

videoconferencing equipment at some school districts is in a state of disrepair. Also, the school districts may not have persons with the skills necessary to operate the videoconferencing equipment. Thus, even for schools with videoconferencing capabilities, use of such for delivery of services may not be viable or is intermittent.

SESA plans to develop an on-line instruction video on how to use videoconferencing equipment for school district staff. This should assist in more successful videoconferences between SESA and the school districts.

None of the SESA specialists interviewed believe that on-site student consultations can be replaced with existing videoconferencing or other current technology. Techniques and methodologies to instruct students with low-incidence disabilities must be specific to the individual student's needs. In order to know the best strategies to be used to instruct the student, the student needs to be observed in their environment. In addition, a SESA specialist often needs to model the technique or methodology for the teacher so he/she can apply it.

SESA specialists continue to use videoconferencing as an enhancement of their services. Five of the low-incidence disability (LID), outreach program specialists utilized videoconferencing for student consultations when they felt it appropriate under the circumstances. During FY 06 and FY 07, they utilized videoconferencing for 20 student consultations.

SESA specialists also provide services under the State's Infant Learning Program (ILP). Both of the ILP grant programs served by SESA are required by federal law to provide early intervention services in the child's natural environment.²¹

We conclude that existing videoconferencing or other current technological modes are viable to enhance the services provided by SESA specialists. SESA should continue to use these technologies in conjunction with the on-site student consultations.

Prior Audit Recommendation No. 2

SESA's management should spearhead a state special education training consortium to formally advance the capabilities of school district personnel.

We recommended that SESA take the lead in organizing a training consortium of related agencies that can, together, use the videoconferencing network and their shared facilities to offer regular classes in various formats.

²¹ 20 U.S.C. 1400, Part C, section 635(a)(16)

Legislative Audit's Current Position

The central intent behind this recommendation has been implemented. However, SESA did not spearhead the training consortium referred to in the recommendation.

Instead, SESA's staff and management contributed to efforts to provide such training through participation in activities of the Governor's Council on Disabilities and Special Education (Governor's Council) and by conducting or sponsoring training sessions.

There are significant interrelationships between the Governor's Council, the Department of Education and Early Development (DEED), and SESA. The Governor's Council is the governing body over SESA and, in turn, SESA's executive director is a nonvoting member of the Governor's Council education committee. The director of Special Education, DEED, is a member of the Governor's Council and its education committee, and he also serves on SESA's board of directors. In addition, five other members of the Governor's Council are members of SESA's board.

Exhibit 2

Organizations in the Governor's Council Consortium

- Special Education Service Agency
- DEED, Office of Special Education
- Department of Health and Social Services
- Alaska Mental Health Trust Authority
- National Education Association – Alaska
- Alaska school districts
- Alaska Statewide Special Education Conference Association
- Alaska Association of School Administrators
- Alaska Council of Administrators of Special Education
- Alaska Staff Development Network
- Alaska Distance Education Consortium
- University of Alaska and DEED, Alaska Teacher Placement
- University of Alaska and DEED, Alaska Statewide Mentor Project
- University of Alaska, Alaska Paraprofessional Resource Center
- University of Alaska, Distance Education Gateway
- University of Alaska, Anchorage, - University Center for Excellence in Developmental Disabilities Education, Research, and Services
- Alaska Pacific University, RANA Distance Education Program
- Southeast Regional Resource Center
- Stone Soup Group
- Council for Exceptional Children
- Communication utilities

Under IDEA,²² DEED must ensure professionals and paraprofessionals are appropriately and adequately prepared and trained to provide educational services to children with disabilities. As the State's advisory council, the Governor's Council advises DEED of unmet needs within the State in the education of children with disabilities, including needed training or professional development of teachers and paraprofessionals.

Changes in training and professional development are initiated through the collaboration of the various members of the Governor's Council and other related agencies, as well as private and public organizations. Exhibit 2 shows a partial listing of these agencies and organizations.

²² Individuals with Disabilities Education Act 20 U.S.C. § 1412(14)

One example of this collaboration was the Governor's Council establishment of the Ad Hoc Committee on Autism with the concurrence of the Alaska Mental Health Trust Authority. Members of this committee included members of the Governor's Council and representatives from the Department of Health and Social Services, DEED, University of Alaska, Mental Health Trust Authority, SESA, nonprofit organizations, and parents of children with disabilities.

As a result of collaborations through the ad hoc committee,²³ courses on the current methods for assessment and intervention for students with autism are now available through the University of Alaska, Alaska Pacific University, and several distance education programs.

SESA also partnered with school districts, Alaska Staff Development Network, communication utilities, and other organizations through the Alaska Distance Education Consortium (ADEC) to request federal funding to establish a clearinghouse that coordinates distance-learning solutions for member school districts and member organizations of ADEC.

Over the past two fiscal years, SESA specialists have conducted about 150 identifiably discrete training sessions. These sessions have been provided in a multiplicity of settings, such as:

- In-person
- Videoconferencing²⁴
- Distance learning system
- Audioconferencing
- Blogs
- Podcasts (digital media files)
- Live chat sessions

SESA should continue its efforts to provide special education trainings and to collaborate with other organizations to improve the special education programs in Alaska.

Prior Audit Recommendation No. 3

SESA should apply for a federal subsidy of up to 90 percent of its telecommunications expense.

The federal Telecommunications Act provides a discount of up to 90 percent of a school's costs for services such as telephone, internet, and videoconferencing. The actual rate of

²³ In 2006 the ad hoc committee issued a report entitled, *Preliminary Report of the Ad Hoc Committee on Autism: Findings and Recommendations*.

²⁴ SESA diminished the connectivity issues with videoconferencing for trainings by also taping some trainings and then making the video tapes available to others interested in the training and those who could not receive it through the videoconferencing session.

discount for this “E-rate” subsidy is dependent upon the poverty level and rural nature of the area benefited. Eligibility for the discount is determined by a state designee of the Federal Communications Commission.

Legislative Audit’s Current Position

This recommendation has been implemented. SESA applied for and received a federal subsidy of \$8,158 in FY 06 and \$14,023 in FY 07. An application for a FY 08 subsidy is in process.

Prior Audit Recommendation No. 4

SESA’s management should aggressively pursue opportunities for more diversified funding.

SESA delivers important, high-quality services to school districts to the extent possible with its funding. Those funds are primarily derived from a single source; the state general funds calculated by the formula in SESA’s statute. We encouraged SESA to explore diversified funding. While the school districts are pleased with the quality of SESA services, both the districts and SESA indicated that more services are needed.

Legislative Audit’s Current Position

SESA has taken action to expand and diversify sources for potential funding, although to-date the agency’s efforts have not resulted in a significant amount of additional funding.

As previously discussed, the State is required under IDEA to provide a free and appropriate public education that meets the unique needs of children with disabilities. The State has delegated the delivery of special education services to the 54 school districts²⁵ across Alaska. DEED administers the public school foundation program and other supplemental programs, including SESA, that provide the primary financial support to the school districts.

The State funded SESA’s LID outreach programs in FY 07 with a general fund appropriation of just over \$2 million. DEED included the amount in its departmental budget and stated that the funds for SESA were to:

*provide supplementary educational services to students with severe disabling conditions. . . Without the supplementary services the child’s needs would not be met by the local school district in most cases. . . It [SESA] provides outreach services to school districts that serve low incidence severely disabled students.*²⁶

²⁵ This number includes the Mt. Edgecumbe Boarding School.

²⁶ *State of Alaska, FY 2008 Governor’s Operating Budget, Department of Education and Early Development, Special Schools Component Budget Summary*, p. 2, dated December 18, 2007.

Grants from governmental agencies and public or private foundations rarely fund the services required to be provided by agencies on the federal, state, or local level. However, they may finance projects to enhance such services.

SESA has registered with the web-based service, *Grants.gov*, which serves as the central storehouse for information on federal grant programs. SESA can monitor the site for potential federal grants and then apply for them online through the website. In addition, SESA has registered with another grant seeking database service, *Foundation Directory Online*.²⁷ This service provides information on grants from philanthropy organizations in the United States.

As of May 2007, SESA had applied for two grants and was in the process of applying for three additional grants. These grant requests included:

- a \$2,000 request to the Registry of Interpreters of the Deaf to provide training for an interpreter from a small Alaskan village.
- a Federal Education Assistance two-year grant for a total of \$297,082. The grant is for a project to study the impact of web-based training to families, teachers, education paraprofessionals, and service providers on the proficiency rating of Alaskan special education students taking the Alaska Alternate Assessment.²⁸ The project is a collaboration between SESA, DEED, and the school districts.
- two three-year grants, each for \$20,000 per year from a private foundation. One grant is for the purchase of a variety of updated software that covers topics such as literacy, math, and computer skills. The other grant is for the purchase of assistive technology equipment. This software and equipment, if purchased, will be available to low-incidence disability students through SESA's lending library.

The current executive director believes SESA should seek additional funding sources to enhance the low-incidence disability services for children, their families, teachers, and paraprofessionals. The potential of a grant writing service is being considered to assist the professional staff in the grant application process.

SESA should continue its efforts to seek and obtain other sources of funding to enhance its services.

²⁷ *Foundation Directory Online* was developed by the Foundation Center, a national nonprofit service organization.

²⁸ This is an individualized assessment designed for students who demonstrate cognitive ability and adaptive skill levels that prevent completion of the standard academic curriculum, even with modifications and accommodations.

Prior Recommendation No. 5

SESA should continue to enhance the availability of its specialized library to the general public.

The in-house library is both an important asset of SESA and a major justification offered for SESA's continued existence as an independent entity. It is also the main service that SESA offers to school districts too large to qualify for site visits.

Legislative Audit's Current Position

This recommendation has been implemented. The library is cataloged online at SESA's website. It is linked to the Statewide Library Electronic Doorway (SLED), like most libraries in Alaska, which is maintained by DEED. In addition, as new materials are received, they are entered into *WorldCat*, the national database.

SESA is not shown as a library on either the University of Alaska – Anchorage, Consortium Library website, or the Alaska State Library website. However, both of these websites are linked to *WorldCat* and the Alaska State Library website is also linked to DEED's SLED.

SESA now tracks usage of its web pages, including those for the library, through a blogged-based software program. In addition, the library web page includes policies, instructions, and forms for borrowing books, materials, and equipment from SESA.

Prior Audit Recommendation No. 6

DEED and the Governor's Council should appoint representatives who will attend SESA board meetings.

SESA is governed by a board of directors drawn from two groups. Three of the ten-member board is made up of individuals working for the school districts served by SESA. The other five members are made up of DEED's director of special education and designated members of the Governor's Council. The executive director of the Governor's Council is also on the board, but not in a voting capacity.

In the prior audit, we expressed concern about the repeated absences of the DEED special education director and the executive director at SESA board meetings. We were concerned the broader statewide perspective was crucial for SESA to strike the right balance between statewide administrative interests and concerns at the school district level. In the prior report, we stated while school district representation is important, school districts have incentives to make decisions that perhaps would maximize state-funded services and reduce or minimize local responsibilities. The absence of the DEED special education director and the executive director of the Governor's Council was compromising the crucial balance of the SESA board and perhaps could result in decisions detrimental to overall statewide administrative interests.

Legislative Audit's Current Position

This recommendation has been partially implemented. The central concern behind this recommendation has been addressed. DEED's special education director has appointed an alternate from his office to attend meetings when he is unable to do so. Representatives from the Governor's Council, along with DEED representation, have made up more than half of the board members present at all 19 meetings held since January 2004.

Attendance of the executive director of the Governor's Council, even though she is not a voting member, continues to be of concern. While it is reported the executive director has attended many of the workshops that are held in conjunction with SESA board meetings, she has been shown as present at only 40 percent of the board business meetings since January 2004.

At the board workshops, SESA staff provides program updates; and, any item that will require a board vote the next day is thoroughly discussed. While the executive director may not vote, her presence would seemingly be important to act as a consultant or advisor to both the full board and, especially, to the representatives on the board from the Governor's Council. Recently, SESA has begun to record board member attendance at the board workshops as well as at the board business meetings. This additional documentation will provide a full account of the executive director's attendance and involvement at SESA's board meetings.

Prior Audit Recommendation No. 7

As a statutorily-created entity of state government, SESA should investigate the necessity of filing tax returns and pay excise taxes.

SESA pays an accounting firm to generate an annual federal tax return with approximately 15 pages of considerable detail. However, the Internal Revenue Service (IRS), if asked, may confirm that SESA qualifies as a "state institution," "governmental unit," or "affiliate of a governmental unit," and is not required to file these tax returns.

Legislative Audit's Current Position

SESA has not implemented this recommendation. However, it is no longer a significant audit issue. As previously discussed, SESA management is applying for grants from governmental agencies and public or private foundations. The private foundations require submission of the requesting agency's IRS informational tax return. Therefore, SESA management has determined that the potential for additional sources of revenue outweighs the annual \$800 cost savings that would be realized if the IRS return was not filed.

AUDITOR COMMENTS

The formula for funding the Special Education Service Agency's (SESA) low-incidence disability outreach programs that supplement the school districts' special education services has not been increased since 1998. The legislature may want to consider a review of the funding formula concurrent with the revision of the State's public school funding formula.

The Joint Legislative Education Funding Task Force (Task Force) was established for the purpose of examining school district cost differentials and the existing formula for distribution of state aid for education. The Task Force issued a report dated September 1, 2007 to the legislature and the governor with findings and proposed recommendations. The findings and recommendations of this report are to be considered during the legislative session beginning in January 2008.

In 1998, legislation was enacted that revised the public school funding statutes and the statutory funding formula for SESA. The revised formula for SESA provides not less than \$15.75 for each student in the State's average daily membership (ADM) from the preceding fiscal year.²⁹

Inflation between 1998 and 2006 was approximately 21 percent.³⁰ Although, SESA may not experience the full effects of this inflation factor, the agency has experienced increased operating costs, i.e., travel, supplies, and educational materials.

In addition to the effects of inflation, SESA's costs for employee retirement benefits have significantly increased. SESA employees participate in either the Public Employees' Retirement System (PERS) or the Teachers' Retirement System (TRS). The required employer contributions to these two retirement systems by SESA increased by about \$152,000 or 93 percent from FY 99 through FY 07. Like the school districts and other employers, SESA did receive some relief for the FY 08 PERS and TRS employer contribution rates. However, whether such assistance will be available in future years is not yet known.

Due to position vacancies and cost-cutting measures, SESA was able to build a fund balance for its low-incidence disability (LID) outreach programs between the fiscal years 2003 and 2006. The fund balance as of June 30, 2006 for these programs was \$661,919. During FY 07, there was a decrease in the fund balance of \$107,208.

²⁹ ADM is determined by the student counting procedures used for the public school foundation formula.

³⁰ The basis for this calculation was the changes in the consumer price index for the Municipality of Anchorage found on the Alaska State Department of Labor's website.

The board of directors established a policy that set the minimum fund balance at 5 percent of the LID programs' budgeted expenditures to meet the cash flow needs of all SESA's programs. This reserve was approximately \$117,000 for FY 07, leaving \$437,711 as of July 1, 2007 for future LID and agency operational expenditures. (Refer to Appendix A for the schedule of revenues and expenditures for fiscal years 2004 through 2007.)

SESA's management projects that \$240,001 of the remaining fund balance will be needed to help cover the FY 08 expenditures. The fund balance is projected to be fully expended by the end of FY 09, if all the specialist positions remain filled.

Therefore, the legislature may want to evaluate the statutory funding formula for SESA concurrently with the Task Force's recommendations for the public school funding formula during the legislature's next regular session.

ANALYSIS OF PUBLIC NEED

The following analyses of the Special Education Service Agency’s (SESA) activities relate to the public need factors defined in the “sunset law,” AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas covered within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

During FY 07 for all SESA’s programs, student caseloads totaled 345. The number of individual students served by SESA totaled 329. The student count is less than the caseload counts because students sometimes receive services from more than one SESA program.³¹ Exhibit 3 shows the student counts by major programs.

SESA Programs:	Number of Students - FY 07
Low-Incidence Disability (LID) Outreach Programs	203
Dual Sensory Impairment (DSI) Services	12
Consultation and Education for Early Hearing Impairment (CEEHI)	34
Visual Impairment Services for Infants and Toddlers (VISIT)	<u>80</u>
Totals	<u>329</u>

An additional analysis of the FY 07 students served was performed to determine the primary disability and the school district of the student. The FY 07 student count of the LID and DSI programs showed 215 students with a primary disability and the remaining were students under one of SESA’s Infant Learning grant programs: CEEHI and VISIT. Refer to Appendix B for a schedule of the number of students by school district and by primary disability.

During each of the past two fiscal years, SESA specialists took about 250 trips to school districts across Alaska to provide consultation services. In FY 07, 162 of these trips were for LID student consultations, while the remaining trips were related to SESA’s other grant

³¹ During FY 07, 49 students received services under two or more LID programs and during FY 06 it was 61 students.

programs. The average number of trips taken in FY 07 by each LID specialist was 12 with an average duration of four days.³²

Based on the above discussion, our report conclusions, and review of the other resources and services provided by SESA staff, we conclude that SESA is serving in the public interest.

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

SESA has not recommended any statutory changes since our last review. SESA generally will not make recommendations for statutory changes. However, SESA may review proposed legislation and make comments through its participation in meetings of the Governor's Council on Disabilities and Special Education.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

As discussed in the Auditor's Comments section of this report, the statutory formula which funds SESA's activities. This review is needed in light of the effects of inflation since 1998 and the agency's increased costs for employee retirement benefits.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The SESA board of directors held 19 meetings from January 2004 through June 2007; 11 of these were face-to-face meetings. The face-to-face meetings are generally two days. The first day is a workshop to inform the members of issues to be voted on at the business meeting the next day. SESA board meetings are open to the public and agendas provide time for public comment. The meetings are advertised in newspapers of general circulation, on the State's *Online Public Notice* website, and SESA's website.

SESA's internet website is another tool that is instrumental for communicating with the general public, school district staff, and parents or other caregivers of children with low-incidence disabilities. SESA's website provides, among other resources, access to:

³² Generally, SESA specialists provide student consultations for more than one child and will travel to multiple schools in the school district during a trip.

- SESA newsletters;
- Dual Sensory Impairment program newsletters;
- information and forms for the school district to refer a student to SESA for services;
- resources such as presentations by SESA staff, links to educational and government websites, and SESA staffs' favorite websites for information;
- SESA job opportunities;
- a listing of training that SESA staff can provide to learn how to use distance technologies, e.g., videoconferencing, web-cam chat, etc.;
- SESA's distance learning system module with courses presented by SESA staff;
- SESA staff blogs;
- SESA video podcast with educational videos;
- an online library catalog with search capabilities with links to Department of Education and Early Development's (DEED) Statewide Library Electronic Doorway and *WorldCat* database;³³ and,
- web pages for the Low-Incidence Disability Outreach program, Dual Sensory Impairment services, Alaska Autism Resource Center, and the Infant Learning grant programs, Consultation and Education for Early Hearing Impairment and Visual Impairment Services for Infants and Toddlers.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

SESA statutes do not give it authority to promulgate regulations. However, through SESA management's participation on the Governor's Council on Special Education and Disabilities, Education Committee, SESA has assisted in the review of proposed regulations by DEED. Public participation in regard to its board of directors and services are discussed above.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

Every five years, DEED conducts an oversight review of SESA's LID and DSI programs as well as any other discretionary state grants. The latest review was conducted for FY 03 with a report issued thereon in November 2003. The report contained no significant departures from required program practices.

We contacted the various regulators and advocates.³⁴ None of these entities, except the Alaska State Human Rights Commission, noted any complaints about SESA services,

³³ *WorldCat* is the world's largest network of library content and services.

personnel, or working conditions in the years since our prior sunset review in 2003. Refer to the discussion below related to the Alaska State Human Rights Commission.

SESA's teachers are represented by the United Special Education Service Employees Local No. 4688, an affiliate of the American Federation of Teachers. This union reports that its concerns at SESA have been satisfactorily resolved through discussions and collective bargaining, without resort to arbitration, strike, or litigation. SESA has not been a party to any litigation in the years since our December 2003 prior sunset audit report.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

SESA has no licensing, regulator, or enforcement responsibilities.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

As stated above, a former employee filed a complaint with the Alaska State Human Rights Commission. However, the Commission concluded that the complaint was not within its jurisdiction as SESA is not a covered employer.³⁵

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Refer to the Auditor's Comments section of this report.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

SESA has effectively and efficiently attained its statutory objectives under AS 14.30.630(b)(1) related to provision of special education services. This is based on the following:

³⁴ These included the Office of the Ombudsman, DEED, Alaska Human Rights Commission, Disability Law Center of Alaska, and the Federal Equal Employment Opportunity Commission.

³⁵ AS 18.80.300(4) states that fraternal, charitable, educational, or religious associations or corporations that are not organized for private profit do not fall under the Alaska Human Rights Commission's authority.

- highly supportive comments from school districts' special education directors were received in our prior sunset audit and no complaints were received by DEED from parents or school district staff since those comments;
- a review of board minutes for the past four years shows no public concerns with SESA's services;
- the May 2004 state monitoring reviews of SESA's Infant Learning Program services show compliance with grant requirements;
- SESA continues to provide student consultations and trainings to school district staff using lower cost modes such as videoconferencing, podcasts, and other technologies where appropriate;
- and SESA management has made efforts to find other sources of funding that can be utilized for enhancement of its services.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

Alaska has two educational service agencies; SESA and the Southeast Regional Resource Center (SERRC). However, SERRC does not provide itinerant outreach educational services for low-incidence disability students. Instead, SERRC provides itinerant special education related services³⁶ for disabled students for all school districts that contract for such services, including assistance with individualized education plans.

In 1976, SERRC was established under AS 14.12.150 and incorporated as a private nonprofit corporation in 1981. SERRC is funded through direct or state pass-through federal grants and by contracts, primarily with school districts. Other states have established similar organizations funded with a mix of state, local, grant, and contract monies. There are about 550 such organizations throughout the states.

We conclude that there is not a duplication of services between SESA and SERRC. These organizations are providing different services needed to assist the school districts in providing a free appropriate public education for disabled students in Alaska.

³⁶ Related services include speech-language pathology, speech pathology, physical therapy, occupational therapy, and psychological counseling.

(Intentionally left blank)

APPENDICES

(Intentionally left blank)

APPENDIX A

Department of Education and Early Development
 Special Education Service Agency
Schedule of Revenues and Expenditures
for the Fiscal Years 2004 - 2007

	(A)	(B)	(C)	(D)	(E)	(F)	
	LID						
Program:	Operations and Support	AARC	DSI	ILP - CEEHI	ILP - VISIT	E-Learning Module	Totals
<u>Revenues</u>							
FY 04	\$2,121,278	\$198,140	\$113,091	\$115,091	\$224,496	\$ 0	\$2,772,096
FY 05	2,127,558	196,698	46,277	129,935	224,496	0	2,724,964
FY 06	2,134,693	186,662	140,755	160,779	235,005	11,189	2,869,083
FY 07	<u>2,146,186</u>	<u>222,773</u>	<u>121,232</u>	<u>226,241</u>	<u>210,034</u>	<u>0</u>	<u>2,926,466</u>
Total Revenues	<u>8,529,715</u>	<u>804,273</u>	<u>421,355</u>	<u>632,046</u>	<u>894,031</u>	<u>11,189</u>	<u>11,292,609</u>
<u>Expenditures</u>							
FY 04	1,899,383	198,140	113,091	115,091	224,496	0	2,550,201
FY 05	1,944,190	196,698	46,277	129,935	224,496	0	2,541,596
FY 06	2,025,563	186,662	140,755	160,779	235,005	11,189	2,759,953
FY 07	<u>2,253,394</u>	<u>222,773</u>	<u>121,232</u>	<u>226,241</u>	<u>210,034</u>	<u>0</u>	<u>3,033,674</u>
Total Expenditures	<u>8,122,530</u>	<u>804,273</u>	<u>421,355</u>	<u>632,046</u>	<u>894,031</u>	<u>11,189</u>	<u>10,885,424</u>
Revenues Over/(Under)							
Expenditures	<u>\$ 407,185</u>	<u>\$ 0</u>	407,185				
Fund Balance at June 30, 2003							<u>147,526</u>
Fund Balance at June 30, 2007							554,711
Less: Operating Cash Reserve							<u>117,000</u>
Fund Balance as of July 1, 2007							<u>\$437,711</u>

Legend

- (A) LID Operations and Support – This fund supports the administrative and operating costs of the agency as well as the costs of the Low-Incidence Disability Program. Monies from this fund also provide the working capital for the other grant programs.
- (B) AARC – This is the fund for the financial activities of the Alaska Autism Resource Center.
- (C) DSI – This fund is for the federally funded Dual Sensory Impairment Program.
- (D) ILP – CEEHI – This fund accounts for the state grant monies received for the Infant Learning Program, Consultation and Early Education of Early Hearing Impairment.
- (E) ILP – VISIT – State grant monies for the Infant Learning Program, Visual Impairment Services for Infants and Toddlers are held in this fund.
- (F) E-Learning Module – This was a direct federal grant from the U.S. Department of Education.

(Intentionally left blank)

APPENDIX B

Department of Education and Early Development Special Education Service Agency

FY 07 Students by School District and by Primary Disability

Primary Disability:	Autism	Deaf	Dual Sensory	Hard of Hearing	Mental	Multiple Disability	Other Health	Orthopedic	Serious Emotional	Traumatic Brain	Vision	Total
School District												
AK Gateway	-	1	-	1	-	3	1	-	-	-	-	6
Aleutians East	-	-	-	-	-	-	-	-	1	-	-	1
Aleutian Region	-	-	-	-	-	-	1	-	-	-	-	1
Anchorage	-	-	1	-	-	-	-	-	-	-	-	1
Annette Island	-	-	-	3	-	-	-	-	-	-	-	3
Bering Strait	2	-	-	-	2	2	1	-	3	1	-	11
Bristol Bay	1	-	-	-	1	1	-	-	1	-	-	4
Chatham	-	-	-	-	-	2	-	-	-	-	-	2
Copper River	1	-	-	-	1	-	-	-	1	-	-	3
Cordova	3	1	-	-	-	2	-	-	1	-	1	8
Craig	4	-	-	2	1	-	-	-	5	-	-	12
Delta/Greely	5	-	-	3	-	1	-	-	-	-	1	10
Denali	2	-	-	-	-	2	1	-	1	-	-	6
Dillingham	1	-	-	2	-	4	1	-	1	-	1	10
Fairbanks North Star	-	-	2	-	-	1	-	-	-	-	-	3
Haines	3	-	1	-	-	2	-	-	1	-	-	7
Hoonah	2	-	-	-	1	-	-	1	-	1	-	5
Hydaburg	-	-	-	-	-	1	-	-	-	-	-	1
Juneau	-	-	3	-	-	-	-	-	-	-	-	3
Kashunamiut	-	-	-	-	-	3	-	-	-	-	1	4
Ketchikan Gateway	1	-	-	4	-	3	-	-	1	1	2	12
Klawock	1	-	-	-	-	2	-	-	-	-	-	3
Kodiak Island	1	-	-	2	-	4	-	-	-	1	3	11
Kuspuk	-	-	-	-	-	-	-	-	1	-	-	1
Lake & Peninsula	1	-	-	-	1	-	2	-	1	-	-	5
Lower Yukon	1	1	-	-	-	5	-	-	-	-	-	7
Mat-Su	-	-	3	-	-	-	-	-	-	-	-	3
Mount Edgecumbe	-	-	-	-	-	-	-	-	-	-	1	1
Nome	-	-	-	-	-	2	-	-	-	-	-	2
North Slope	2	-	-	-	-	4	-	-	-	1	1	8
Northwest Arctic	2	1	-	5	-	6	-	-	-	-	3	17
Petersburg	3	-	-	-	-	-	-	-	-	-	-	3
Sitka	-	-	-	-	1	2	3	1	1	-	2	10
Skagway	-	-	-	-	-	-	1	-	-	-	-	1
St. Marys	-	-	-	-	-	2	1	-	-	-	-	3
Southwest Region	-	-	-	-	-	1	1	-	-	-	-	2
Unalaska	2	-	-	-	-	-	1	-	-	-	-	3
Valdez	5	-	-	-	-	1	1	-	-	2	1	10
Wrangell	-	-	-	-	-	1	-	-	-	-	1	2
Yakutat	-	-	-	-	1	-	-	-	-	-	-	1
Yukon Flats	2	-	-	-	-	1	-	-	-	-	-	3
Yukon-Koyukuk	-	-	-	-	-	2	-	-	-	-	-	2
Yupit	-	-	1	-	1	1	-	-	-	-	1	4
Totals	45	4	11	22	10	61	15	2	19	7	19	215

(Intentionally left blank)



3501 DENALI STREET, SUITE 101
ANCHORAGE, ALASKA 99503

907.334.1300 PH
907.562.0545 FAX
907.563.8284 TTY

November 9, 2007

Pat Davidson
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, Alaska 99811-3300

RECEIVED
NOV 20 2007
LEGISLATIVE AUDIT

Dear Ms. Davidson,

The Board of Directors of the Special Education Service Agency is in receipt of the preliminary audit report dated October 9, 2007. We wish to express our appreciation for your comprehensive review of our agency. We feel this review process has been conducted with professionalism and with an understanding of SESA's mission and purpose.

This letter serves as SESA's written response to the October 9, 2007 preliminary legislative audit report.

Recommendation #1

SESA should transition to videoconferencing as the norm for delivery of its service.

The Board agrees that SESA should continue to use current technology as a means to enhance the services provided by SESA specialists. In addition to our on-site service, we continue to keep abreast of all current technological modalities that might increase the benefit of services offered by SESA. SESA's website provides a link containing directions, correct uses, and contacts for help during a videoconference.

Recommendation #2

SESA's management should spearhead a state special education training consortium to formally advance the capabilities of school district personnel.

As shown in exhibit #2 (page 13), SESA is currently one of many organizations under the direction of the Governor's Council. That being said, we have taken the leadership role in partnering with many other organizations to provide trainings throughout the state in a multiplicity of settings, and for a variety of audiences. We agree with the understanding of the current position that SESA has not spearheaded the training consortium, however, we have led in the efforts to provide trainings across the state.

Recommendation #3

SESA should apply for a federal subsidy of up to 90 percent of its telecommunications expense.

SESA continues to apply yearly for federal subsidy of its telecommunications expense.

Recommendation #4

SESA's management should aggressively pursue opportunities for more diversified funding.

We concur with the audit's current position. SESA continues to look at all financial options to enhance the services that we provide. It should be noted that most grants and foundations only help to supplement education, and should not be relied upon as a continued funding source.

Recommendation #5

SESA should continue to enhance the availability of its specialized library to the general public.

This recommendation has been implemented. SESA's library is a vital and current asset to the entire educational community of Alaska.

Recommendation #6

DEED and the Governor's Council should appoint representatives who will attend SESA board meetings.

This recommendation has been implemented. The State Special Education Director or his representative attends all meetings, either in person or by phone, as does the executive director of the Governor's Council. SESA will take attendance for both the work sessions and the business meetings beginning at the scheduled December 2007 meeting.

Recommendation #7

As a statutorily-created entity of state government, SESA should investigate the necessity of filing tax returns and pay excise taxes.

We agree that this is no longer a significant audit issue.

Response to Auditor's Comments

We agree with the current auditor's findings that SESA's funding should be reviewed. Even though this report shows a positive fund balance through 2007, it should be noted that by 2009, if all positions are filled, SESA's projected fund balance is expected to be nearly depleted.

We further agree that PERS/TERS relief should be received by SESA in the same manner as Alaska school districts.

Response to Analysis of Public Need

Based on the eleven determination discussion points and the broad scope of work put into them, the Board heartily agrees with the determination that SESA is serving a great public need in an effective manner, and that there is no duplication of services.

Thank you for giving me the opportunity to respond to these findings.

Sincerely,



Kris Johnston, President
Board of Directors
Special Education Service Agency

KJ:sp

STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

SARAH PALIN, GOVERNOR

*Goldbelt Place
801 West Tenth Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
(907) 465-2800
(907) 465-4156 Fax*

November 19, 2007

Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

NOV 21 2007

LEGISLATIVE AUDIT

RE: Confidential Preliminary Audit Report
Department of Education and Early Development, Special Education Service Agency,
October 9, 2007

Dear Ms. Davidson:

The department has reviewed the preliminary audit report of the Special Education Service Agency (SESA), dated October 9, 2007. This correspondence provides the department's response as requested.

Prior Audit Recommendation No. 1

SESA should transition to videoconferencing as the norm for delivery of its service.

The department concurs with Prior Audit Recommendation No. 1. SESA should continue to use videoconferencing along side other current technologies to enhance the services provided.

Prior Audit Recommendation No. 2

SESA's management should spearhead a state special education training consortium to formally advance the capabilities of school district personnel.

The department concurs with Prior Audit Recommendation No. 2. The department continues to support the steps SESA has taken through partnering with other organizations to provide special education training across Alaska.

Prior Audit Recommendation No. 3

SESA should apply for a federal subsidy of up to 90 percent of its telecommunications expense.

The department concurs that Prior Audit Recommendation No. 3 has been implemented.

Prior Audit Recommendation No. 4

SESA's management should aggressively pursue opportunities for more diversified funding.

The department concurs with Prior Audit Recommendation No. 4. The department supports SESA's continued efforts to obtain additional sources of funding to enhance the services provided.

Prior Audit Recommendation No. 5

SESA should continue to enhance the availability of its specialized library to the general public.

The department concurs that Prior Audit Recommendation No. 5 has been implemented.

Prior Audit Recommendation No. 6

DEED and the Governor's Council should appoint representatives who will attend SESA board meetings.

The department concurs with Prior Audit Recommendation No. 6. Although there are representatives from the Governor's Council present at all SESA board meetings, more consistent attendance by the executive director would be beneficial to all board members.

Prior Audit Recommendation No. 7

As a statutorily-created entity of state government, SESA should investigate the necessity of filing tax returns and pay excise taxes.

The department concurs that Prior Audit Recommendation No. 7 is no longer a significant audit issue.

Response to Auditor's Comments

The department concurs that the statutory funding formula for SESA's low-incidence disability outreach programs should be reviewed. An increase in the statutory funding formula is necessary for SESA to continue to meet all operating expense obligations as well as to provide continued and improved special education services to school districts within Alaska.

Response to Analysis of Public Need

The department concurs that SESA meets a valid public need through the services they offer and that there is no duplication of services.

Sincerely,



Barbara Thompson
Interim Commissioner