

Report Highlights

Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for SESA and whether its termination date should be extended. The agency is set to sunset June 30, 2021, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. SESA's executive director should implement written procedures to ensure reclassification of a student's referred disability is adequately supported and communicated to school district personnel.

A Sunset Review of the Department of Education and Early Development, and the Department of Health and Social Services, Special Education Service Agency

April 3, 2020

Audit Control Number 05-20120-20

REPORT CONCLUSIONS

Overall, the audit concludes the Special Education Service Agency (SESA) served the public's interest by assisting school districts in providing students affected by low incidence disabilities (LID) an education to meet the children's unique needs; providing opportunities to enhance teachers' and paraprofessionals' capabilities; and providing LID and special education resources.

As part of this audit, a survey was sent to the 51 school district special education directors served by SESA. Thirty district directors responded (59 percent response rate). In general, survey respondents viewed SESA services, staff availability, and expertise favorably. Survey questions and responses are included as Appendix C of this report.

In accordance with AS 44.66.010(a)(6), SESA is scheduled to terminate on June 30, 2021. We recommend the legislature extend SESA's termination date to June 30, 2029, which is the eight year maximum allowed per statute.

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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May 5, 2020

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Special Education Service Agency and the attached report is submitted for your review.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, AND
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
SPECIAL EDUCATION SERVICE AGENCY
SUNSET REVIEW

April 3, 2020

Audit Control Number
05-20120-20

The audit was conducted as required by AS 44.66.050(a). Per AS 44.66.010(a)(6), the agency is scheduled to terminate on June 30, 2021. We recommend that the legislature extend the agency's termination date to June 30, 2029.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in blue ink, appearing to read "K. Curtis".

Kris Curtis, CPA, CISA
Legislative Auditor

ABBREVIATIONS

ACN	Audit Control Number
ADM	Average Daily Membership
AS	Alaska Statute
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
DEED	Department of Education and Early Development
DLA	Division of Legislative Audit
FY	Fiscal Year
IDEA	Individuals with Disabilities Education Act
LID	Low Incidence Disability
SESA <i>or</i> Agency	Special Education Service Agency

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February 2020

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ORGANIZATION AND FUNCTION

The Special Education Service Agency (SESA or agency) was established in 1986 to provide the following special education services:

AS 14.30.630(b)(1)

(A) itinerant outreach services to students who are deaf, deaf-blind, intellectually disabled, developmentally disabled, hearing impaired, blind and visually impaired, orthopedically 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.

SESA, by statute, is governed by the Governor's Council on Disabilities and Special Education. However, SESA is also a nonprofit organization with an independent board of directors, consisting of no fewer than eight and no more than 10 members. SESA's bylaws require that not less than five and

Exhibit 1

Special Education Service Agency Members as of March 31, 2020

Jeanne Gerhardt-Cyrus, President
*Governor's Council on Disabilities
and Special Education*

Anne Applegate
*Governor's Council on Disabilities
and Special Education*

Anna Attla
*Governor's Council on Disabilities
and Special Education*

Meghan Clark
*Governor's Council on Disabilities
and Special Education*

Donald Enoch
*Department of Education and Early
Development, Director of Special Education*

Joshua Gill
*Governor's Council on Disabilities
and Special Education*

Dan Kaasa
*National Education Association, Soldotna,
Alaska*

Elizabeth Lougee
Alaska Association of School Administrators

Molly McManamin
*Governor's Council on Disabilities
and Special Education*

Debbie Treece
*Alaska Confederation of Administrators of
Special Education*

Source: SESA documentation.

no more than seven council members be on SESA's board.¹ As shown in Exhibit 1 on the previous page, in addition to board seats dedicated to the Governor's Council on Disabilities and Special Education, representation on SESA's board of directors includes: the Department of Education and Early Development's (DEED) Office of Special Education administrator or designee; one member appointed by the Alaska Association of School Administrators; one member appointed by the Alaska Confederation of Administrators of Special Education; and one teacher appointed by the National Education Association/Alaska, with a rural teacher preference.

As of February 2020, SESA employed 21 individuals, including an executive director, an executive assistant, 12 education specialists (one specialist also serves as program administrator), an education technologist, four program assistants, a librarian, and an autism resource specialist. Although not subject to the executive branch's classified personnel system, SESA employees participate in the Public Employees' Retirement System or the Teachers' Retirement System.

SESA's FY 20 budget was \$4.1 million. Approximately \$2.4 million was provided by DEED as prescribed by statute.² The annual DEED funding enables SESA to provide services to various school districts for students affected by a low incidence disability (LID). Federal and state grants provided the remaining \$1.7 million of funding, which was used to provide services for the following programs:

- Alaska Autism Resource Center – federal and state grants of \$388,000 to provide information, referrals, training, and consultation via on-site and distance delivery to serve the needs of individuals with autism spectrum disorders, their families, caregivers, and service providers throughout the State of Alaska.

¹ Required under SESA's bylaw 9110. Additionally, the bylaw provides that the council's executive director may serve as a non-voting ex-officio member of the SESA board.

² Under AS 14.30.650, DEED is required to allocate to SESA an amount not less than \$18.65 for each student in the State's average daily membership (ADM) from the preceding fiscal year. ADM is determined per the student count procedures used for the public school foundation formula.

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- Indicator Projects – federal funding of \$160,000 to collect and report data on (1) the extent to which parents perceive that school districts have adequately involved parents in their child’s special education and (2) the percent of youth who are no longer in secondary school, had individualized education programs in effect at the time children left school, and were enrolled in higher education or postsecondary education, or employed, within one year of leaving high school.
 - Alaska Center for Accessible Materials – federal funding of \$150,000 to help individuals in Alaskan school districts affected by a wide range of disabilities, or their teachers, access printed materials on a variety of hardware and software reading devices (such as Braille, audio, digital talking books, and large print).
 - Alaska Deaf-Blind Project – federal funding of \$128,365 to provide consultation and training to professionals and parents of children and youth (birth to 22 years old) who are affected by both vision and hearing impairments.
 - Positive Behavioral Interventions and Supports Conference – federal funding of \$25,000 to organize a conference in Anchorage for early interventionists from rural Alaskan school districts.

SESA also maintains an extensive library to support its staff and school districts. The library is available to educators, families, university students, and other service providers throughout Alaska.

A schedule of SESA’s revenue and expenditures for FY 17 through FY 19 is included as Appendix D of this report.

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BACKGROUND INFORMATION

Need for SESA Services

According to the federal 2004 Individuals with Disabilities Education Act (IDEA), the State is required to provide “a free appropriate public education” to each child affected by a disability who needs special education. Special education refers to instruction specially designed to meet the unique needs of a child affected by a disability at no cost to the parents. Specially designed instruction means adapting the content, methodology, and/or delivery of instruction to address the unique needs of each child affected by a disability and ensuring the child has access to the general education curriculum.

As a component of public school funding, school districts are eligible for special education funding based on a formula established in AS 14.17.410. The State also provides intensive needs funding for students affected by disabilities whose special education needs are significantly more complex and require frequent individualized services and attention. These individualized services require more resources than the services received by other special education students. If a student meets the eligibility requirements set out in regulations, a district may claim student services for reimbursement at the intensive funding rate, as opposed to the regular special education allocation.

Special Education Service Agency (SESA or agency) was created to help Alaska’s school districts provide special education services to individuals with a low incidence disability (LID). Occurring in less than one percent of the national school-aged population, LIDs are more severe in nature and require specialized educational intervention. Specifically, SESA is to:

- assist districts and rural educational attendance areas to make more special education and related services available to exceptional children, as that term is defined in AS 14.30.350;
- encourage cooperation between districts and education agencies in making special educational programs and services available to these children; and

-
- ensure that qualified specialists are available to assist districts in the provision of free, appropriate public education services for those exceptional children that are difficult to serve, without regard to their location in the state.

SESA was established as a nonprofit corporation whose governing authority is the Governor’s Council on Disabilities and Special Education, organizationally located within Department of Health and Social Services. However, SESA’s primary service, the LID Outreach Program, is budgeted and funded by Department of Education and Early Development. This funding is independent of the intensive needs funding school districts may otherwise receive. SESA’s funding provides additional financial support to help ensure students affected by LIDs are receiving the free and appropriate public education required by state and federal laws.

SESA services are available to districts whose low incidence special education needs occur infrequently, making it difficult for the district to serve low numbers of students in need of a particular service.³ Per SESA policy, when students served in a common LID category exceed 10 students in a district, SESA will engage the district in discussion to reduce SESA services and assist with transitioning services to school district personnel.

SESA recruits, trains, and retains education specialists to provide special education technical assistance and training to parents, students, and district staff without regard to location in the state. Training is available through classes, web-based courses, and seminars. SESA promotes and supports education that:

- is student, family, and community centered;
- is personally and culturally relevant; and
- provides support and accommodations for equal and appropriate access to learning opportunities.

³ Alaska Statute 14.30.640.

SESA Eligibility

In order for SESA to provide LID program services, a written referral from a school district's special education director is required. School districts determine student eligibility for special education services prior to referral, then obtain the necessary parental signature(s) and provide supporting eligibility documentation to SESA.⁴

Any of the following five LIDs qualify for SESA's LID program:

- Autism Impairments – students must have a diagnosis of autism or Asperger's syndrome to be eligible for services.
- Deaf and Hard of Hearing – students must exhibit a hearing impairment that hinders the ability to process linguistic information through hearing, with or without amplification, and that adversely affects educational performance in order to receive services.
- Emotional Disturbances – services for students diagnosed as emotionally disturbed and when the associated characteristics adversely affect educational performance.
- Multiple Disabilities – this program serves students with a myriad of disorders to include:
 - ◆ two or more severe disabilities as defined by State regulations;
 - ◆ moderate or severe cognitive impairment;
 - ◆ severe orthopedic impairment;
 - ◆ chronic or acute health impairment;
 - ◆ traumatic brain injuries; or
 - ◆ an early childhood developmental delay that meets regulatory criteria.
- Vision Impairments – students must be visually impaired to the extent defined by regulatory criteria to receive services under this program.

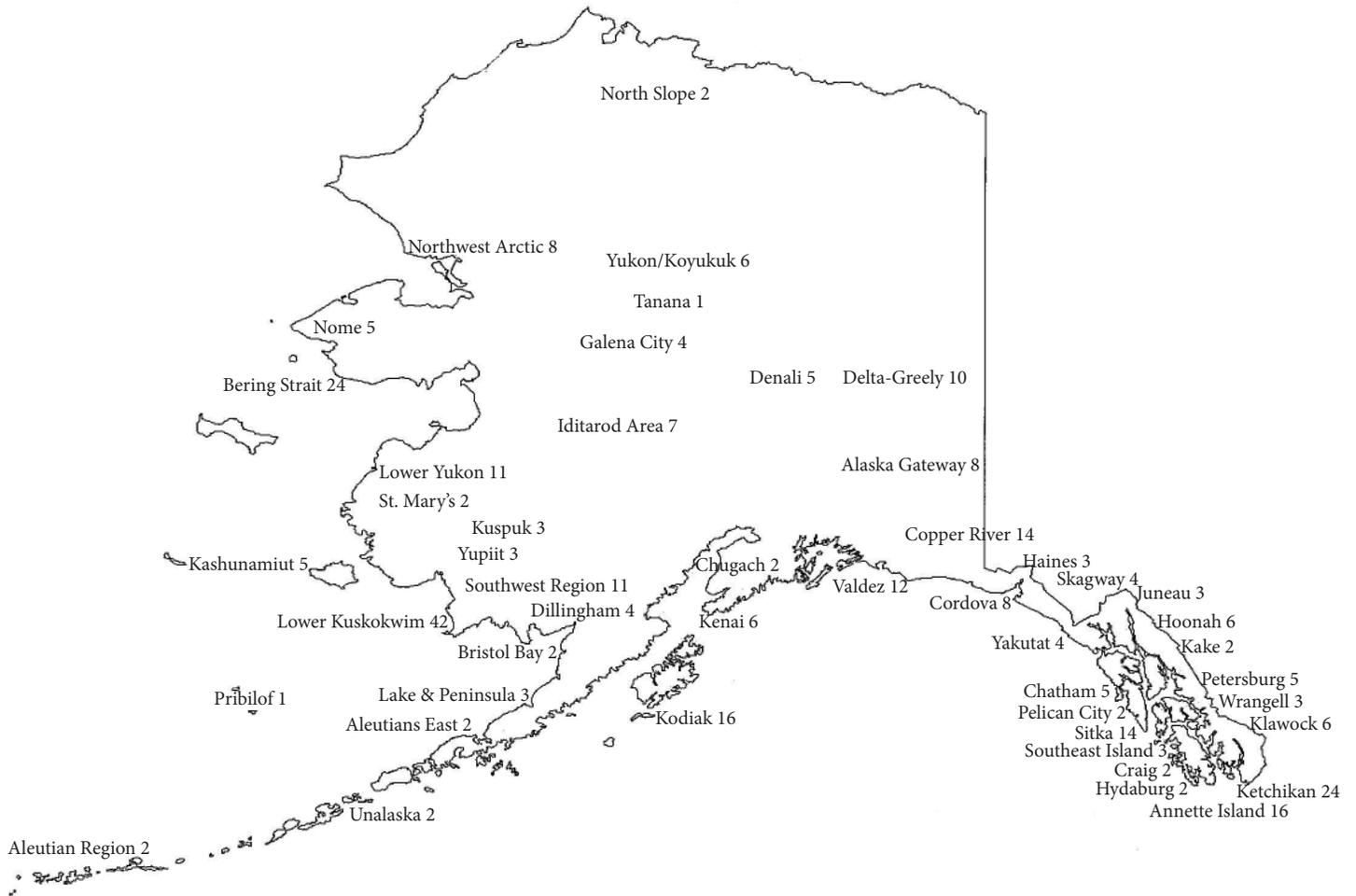
⁴ Supporting documentation includes medical, psychological, and other diagnostic reports.

Number and Location of SESA Students

As of February 2020, SESA assisted in delivering specialized education to 335 children affected by LIDs within 48 school districts throughout Alaska. Exhibit 2 shows a map of school districts served by SESA, as well as the number of students served in each school district. Appendix B of this report provides the same information in a table format organized by school district.

Exhibit 2

Location of School Districts Served by SESA and Number of Students Served



Source: SESA database as of February 2020.

Types of Services Provided by SESA

SESA assists 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 each student's unique educational needs;
- assistive technology services;⁵
- assessments of the child's environment to identify educational resources and needed skills;
- behavioral intervention techniques;
- instruction strategies;
- functional assessments;
- orientation and mobility training for visually impaired students;
- assistance in classroom adaptations;
- assistance in developing students' individual educational plan goals, objectives, and activities; and
- assistance in coordinating appropriate specialized services.

Other support programs provided by SESA include:

- Alaska Autism Resource Center – provides information, referrals, training, and consultation to families, caregivers, and providers who have a focus on individuals with autism spectrum disorders.
- Alaska Deaf-Blind Project – provides assistance free-of-charge to families, schools, and community organizations. The program serves individuals from premature birth to age 22 who have

⁵ Assistive technology services include: evaluating students in their natural environment as required by the 2004 IDEA; providing for the acquisition and application of assistive technology devices, maintenance, and repair; and training or technical assistance for the child, the child's family, and educational staff.

both hearing and vision impairments. Services are provided to individuals in urban and remote areas, as well as individuals not enrolled in school and those in secondary school.

REPORT CONCLUSIONS

In concluding whether the Special Education Service Agency's (SESA or agency) termination date should be extended, its operations were evaluated using the 11 factors set out in AS 44.66.050(c), which is included as Appendix A of this report. Under the State's "sunset" law, these factors are to be considered in assessing whether an entity has demonstrated a public policy need for continuing operations.

Overall, the audit concludes SESA served the public's interest by assisting school districts in providing students affected by low incidence disabilities (LID) an education to meet the students' unique needs; providing opportunities to enhance teachers' and paraprofessionals' capabilities; and providing LID and special education resources.

As part of this audit, a survey was sent to the 51 school district special education directors served by SESA. Thirty district directors responded (59 percent response rate). In general, survey respondents viewed SESA services, staff availability, and expertise favorably. Survey questions and responses are included in Appendix C of this report.

In accordance with AS 44.66.010(a)(6), SESA is scheduled to terminate on June 30, 2021. We recommend the legislature extend SESA's termination date to June 30, 2029, which is the eight year maximum allowed per statute.

Detailed report conclusions are as follows.

SESA operated effectively.

A review of 14 board meetings held from July 2016 through February 2020 found meetings were appropriately publicly noticed, allowed time for public comment, and consistently met quorum.

As of February 2020, SESA's LID and deaf-blind programs served 335 and 16 individual students respectively, throughout 51 school districts located in various regions of Alaska. A detailed listing,

by school district, of the number of SESA students affected by LIDs is illustrated in Exhibit 2 on page 8 and in Appendix B of this report.

According to information contained in SESA’s database, SESA education specialists provided 502 on-site student consultations as part of the LID and deaf-blind programs during the eight month period July 2019 through February 2020. SESA education specialists also communicated with school district staff using email, video teleconferencing, and telephone. Additionally, the database showed specialists conducted 100 training sessions with teachers and paraprofessionals. Exhibit 3 shows outreach activities provided by SESA.

Exhibit 3

SESA Outreach Activities July 2019 through February 2020 (Unaudited)	
Outreach Activity	Number of Occurrences
School District Training <i>(SESA specialists conduct training for teachers and paraprofessionals)</i>	100
Community Relations <i>(SESA interacts with the public to present or provide assistance)</i>	58
Family Support <i>(SESA interacts with students’ families to help with the student’s educational needs)</i>	22

Source: SESA database as of February 2020.

Twenty-seven of thirty survey respondents (90 percent) were very satisfied with the services provided by SESA. Further, 24 survey respondents (80 percent) stated the number of on-site visits provided by SESA was adequate.

SESA’s caseload increased by 63 percent, yet the LID statutory funding level remained at its 2013 level.

The prior 2012 sunset audit reported that SESA’s statutory funding for the LID program was calculated by multiplying \$15.75 times the State’s student average daily membership (ADM). After remaining the same for approximately 14 years, the \$15.75 rate increased to \$18.65 when the legislature extended SESA’s termination in 2013.

SESA’s statutory funding level of \$18.65 per student has not increased since 2013; however, during this timeframe, SESA’s LID caseload significantly expanded. The prior sunset audit reported that, as of March 2012, SESA served 206 students affected by LIDs in 45 school districts. As of February 2020, almost eight years later, the agency served 335 children affected by LIDs within 48 school districts, an increase of 63 percent. The audit also found that the ADM, the other component of SESA’s LID funding calculation,⁶ has remained stable during the same timeframe, thereby keeping SESA’s funding level stagnant for the periods FY 14 through FY 20.

Although SESA’s LID caseload significantly increased, the agency did not request an increase in funding to allow for additional staff due to declining State operating budgets and challenges with recruiting and retaining specialists. As a result, education specialists serving certain LID categories experienced high caseloads. As of February 2020, the agency had three educational specialist vacancies. A statutory funding formula that incorporates inflation would help ensure SESA’s LID funding is not reduced by the passage of time.

Three school districts exceed the maximum threshold for SESA services.

SESA services are available to school districts whose low incidence special education needs occur infrequently, making it difficult for the district to serve a low number of students in need of a particular service. Department of Education and Early Development has delegated the determination of LID enrollment thresholds to SESA. During March 2017, SESA’s board adopted a formal written policy that states once student enrollment exceeds 10 in a single

⁶ Alaska Statute 14.30.650. Each fiscal year, the department shall allocate to the agency not less than \$18.65 times the number of students in the average daily membership in the preceding fiscal year as determined under AS 14.17.600.

LID category, SESA will communicate with school district special education directors to transition services to the district. When transitioning services to a school district, SESA provides technical assistance during the district's hiring process and reduces services once a specialist has been hired.

As illustrated in Appendix B, the Bering Strait, Lower Kuskokwim, and Copper River school districts' enrollment levels for a single LID category exceeded 10 students. As required by policy, SESA's executive director communicated with the Bering Strait and Lower Kuskokwim school districts management regarding the districts exceeding the threshold for services. Management for both districts stated that the districts were unable to provide the specialized services due to difficulty in recruiting and retaining special education teachers in the respective rural areas and requested SESA continue providing services.

SESA's executive director believes the student enrollment threshold of 10 may not be appropriate for all Alaska districts due to unique challenges experienced by certain locations. The executive director plans to work with SESA's board to change the policy to allow more flexibility in establishing thresholds and responding to increases above thresholds in rural locations. The audit found no documentation to show SESA staff contacted the Copper River school district once the threshold was exceeded as required by policy. Bering Strait, Lower Kuskokwim, and Copper River school districts account for a total of 80 students served by SESA.

Recruiting and retaining education specialists has been challenging.

As of February 2020, SESA employed 11 education specialists for the LID program and one education specialist for the deaf-blind project, who also assists with the LID program. According to SESA's executive director, SESA strives to employ the highest level of specialists to provide necessary services to students in the LID program; however, SESA is unable to pay the equivalent of an Anchorage or rural school district teacher's entry-level salary.⁷

⁷ During the 2019-2020 school year, SESA's starting salary was \$5,384 less than Anchorage school district and \$3,600 to \$7,100 less than three rural school districts (Ketchikan, Bering Strait, and Lower Kuskokwim).

Further, SESA's health benefits were consistently lower than Anchorage school district's health benefits. Consequently, it has been difficult for SESA to hire and retain education specialists. As of February 2020, SESA had three vacant education specialist positions: two for the multiple disabilities and one for the autism impairment LID program. Vacancies ranged from nine months to over three years.

During March 2020, SESA's executive director met with union representatives and negotiated an increase in SESA education specialists' salaries that goes into effect for the 2020-2021 school year. The increase brings SESA's education specialists' salary close to Anchorage school district teachers' salary. SESA's health benefits were also increased. SESA's executive director expects the changes to reduce vacancies.

Twenty-six of thirty survey respondents (87 percent) believed SESA had a sufficient number of education specialists. All 30 respondents believed the education specialists had sufficient education and expertise to assist school district personnel and 25 of 30 (83 percent) stated SESA education specialists were always available when needed to provide services to school district personnel.

Student files lack adequate documentation to support reclassifying LID category.

School districts determine student eligibility for special education services prior to referral, obtain the necessary parental signature(s), and provide supporting eligibility documentation to SESA. A written referral that documents a student's disability category is required from a school district's special education director to receive SESA services. Once SESA receives a referral, SESA's program team reviews and verifies the student's eligibility.

Auditors' review of 42 student files identified multiple instances that SESA's education specialists reclassified a student's disability identified on the referral form. Five student files lacked documentation to support the specialists' reclassification. Furthermore, there was no documentation to show that SESA staff

communicated the revised disability category to school district personnel. The lack of documentation increases the risk that the correct disability classification is not considered by school district personnel when planning for or providing services to students. (Recommendation 1)

FINDINGS AND RECOMMENDATIONS

The prior 2012 sunset audit made two recommendations:

- Department of Education and Early Development’s (DEED) special education director and Special Education Service Agency (SESA or agency) management should collaborate to ensure SESA is operating and funded as intended by the legislature.
- SESA’s board president should revise board policies and procedures to improve SESA oversight and accountability.

The first recommendation for DEED’s special education director was materially resolved. The prior audit identified three areas where DEED did not fulfill its oversight responsibility and effectively collaborate with SESA: (1) SESA funding was not actively evaluated by DEED management for operational needs; (2) SESA operating plans, which were reviewed by DEED staff, did not comply with Alaska Statutes; and (3) DEED staff did not consistently attend SESA board meetings. This audit found that DEED’s director routinely attended SESA board meetings, which allowed the director to monitor the agency’s operational needs. The audit also found that, in response to the prior audit, improvements were made to SESA’s FY 10 – FY 21 operating plan; however, the plan did not meet all statutory requirements. Once brought to the attention of SESA management, the plan was revised to comply with statutes.

The second recommendation for SESA’s board president to improve oversight and accountability was also resolved. Four areas for improvement were noted in the prior audit: (1) oversight of employee-related contracts; (2) lack of administrative ethics policies; (3) inadequate public notice of board meetings; and (4) board work session meetings not publicly noticed or documented. Auditor review of SESA’s board policies confirmed policies were updated to include employee-related contacts, administrative ethics, public notice, and documenting work session meetings. Auditor review of 14 board meeting minutes, including work sessions, held from July 2016 to February 2020, confirmed all were publicly noticed, minutes were documented, and meeting minutes were made available to the public.

This audit makes one new recommendation.

Recommendation No. 1: **SESA’s executive director should implement written procedures to ensure reclassification of a student’s referred disability is adequately supported and communicated to school district personnel.** Auditors reviewed 42 students’ files and found five students’ disabilities (12 percent), as identified in the school district referral form, were reclassified by a SESA education specialist without adequate documentation. Additionally, four of the five student files lacked documentation to show SESA staff communicated the students’ revised disability category to school district personnel.

School district staff determine a student’s eligibility for special education services, obtain the necessary parental signature(s), and provide SESA the supporting documentation that includes the student’s disability on the required written referral. However, in some instances SESA staff reclassify a student’s disability based on a specialist’s assessment of a student’s educational needs.

SESA’s statute⁸ regarding eligibility states SESA may provide services to a child with a disability, as that term is defined in AS 14.30.350. SESA’s board policy⁹ regarding eligibility requires a review and verification of a student’s eligibility by the SESA program team. SESA has a process to review and verify a student’s eligibility for services, however, there are no procedures to require the basis for SESA’s reclassification of a student’s referred disability be documented and communicated to school district personnel. Unsupported reclassification of the student’s disability may mislead school district personnel and the student’s family regarding the services needed or provided.

We recommend SESA’s executive director implement written procedures to ensure reclassification of a student’s referred disability is adequately supported and communicated to school district personnel.

⁸ Alaska Statute 14.30.640.

⁹ Board Policy 5111.

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Special Education Service Agency (SESA or agency) to determine if there is a demonstrated public need for its continued existence.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether SESA should be reestablished. Currently, under AS 44.66.010(a)(6), SESA will terminate on June 30, 2021, and will have one year from that date to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the agency should be extended.
2. To determine if the agency is operating in the public's interest.
3. To determine the status of recommendations made in the prior sunset audit.

Scope

The assessment of operations and performance of the agency was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the agency. We reviewed SESA's activities from July 1, 2016, through February 29, 2020. Financial information is presented, unaudited, from July 1, 2016, through June 30, 2019.

Methodology

During the course of our audit we reviewed and evaluated the following:

- The prior sunset audit report (ACN 05-20073-12) to identify the prior sunset audit recommendations.

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- Applicable statutes and policies to identify SESA's functions and responsibilities, determine whether statutory changes or policies enhanced or impeded SESA's activities, and help ascertain if the agency operated in the public interest.
 - The State's online public notice system to verify board meetings were adequately publicly noticed.
 - Board meeting minutes to gain an understanding of board proceedings and activities, the nature and extent of public input, whether a quorum was maintained, and whether board vacancies impeded operations.
 - SESA's audited financial statements to identify sources of revenues and related expenditures.
 - The Department of Education and Early Development (DEED) 2019 Oversight Review and FY 19 State Compliance Audit of SESA's Low Incidence Disability (LID) program to identify areas of improvement for SESA's LID program.
 - Various state and news related websites to identify complaints against the agency or other agency related concerns.
 - Various websites for information of potential duplication of SESA activities.
 - SESA management report of staff tenure to determine vacant education specialists positions, length of vacancies, and the reasons education specialists left SESA employment.
 - The salary schedules for SESA, Anchorage, Bering Strait, Ketchikan, and Lower Kuskokwim school districts to determine the extent SESA specialists' salary was lower than the other school districts.
 - The insurance coverage for SESA and Anchorage school district to determine if the coverage was comparable.

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- Legislative Finance reports of DEED's enacted budget for school district foundation formula funding to evaluate funding levels.
 - DEED's website of the average daily memberships of school districts to calculate percent change during the audit period.

A survey was sent to the 51 school district special education directors served by SESA regarding level of satisfaction with services; extent and adequacy of on-site visits; and adequacy, availability, and expertise of SESA's education specialists. Thirty district directors responded (59 percent response rate).

To identify and evaluate SESA activities, we conducted interviews with State agency staff and board members. Specific areas of inquiry included: SESA and board operations, policy and procedures, statutory duties, duplication of effort, complaints against SESA and the Board, staff resources, funding levels, caseload, and services provided to school district personnel.

Internal controls over SESA's database were assessed to determine if controls were properly designed and implemented. A random sample of 42 of 351 active students was selected to verify the accuracy of the database. The sample size was based on low control and inherent risk and moderate audit risk. Test results were projected to the population.

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APPENDICES

SUMMARY

Appendix A provides the sunset criteria used in developing conclusions regarding whether the Special Education Service Agency's (SESA) termination date should be extended.

Appendix B provides SESA student case count by school district for low incidence disability and deaf-blind programs as of February 2020.

Appendix C provides the school district's special education director survey questions and responses.

Appendix D provides a schedule of SESA's revenues and expenditures for FY 17 through FY 19.

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APPENDIX A

Analysis of Public Need Criteria AS 44.66.050(c)

A determination as to whether a board or commission has demonstrated a public need for its continued existence must take into consideration the following factors:

1. the extent to which the board or commission has operated in the public interest;
2. the extent to which the operation of the board or commission 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;
3. the extent to which the board or commission has recommended statutory changes that are generally of benefit to the public interest;
4. the extent to which the board or commission 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;
5. the extent to which the board or commission has encouraged public participation in the making of its regulations and decisions;
6. the efficiency with which public inquiries or complaints regarding the activities of the board or commission 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;
7. the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public;

-
-
8. the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission to its own activities and the area of activity or interest;
 9. the extent to which statutory, regulatory, budgetary, or other changes are necessary to enable the board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection;
 10. the extent to which the board or commission has effectively attained its objectives and purposes and the efficiency with which the board or commission has operated; and
 11. the extent to which the board or commission duplicates the activities of another governmental agency or the private sector.

APPENDIX B

SESA Student Count by School District for Low Incidence Disability (LID) and Deaf-Blind Programs as of February 20, 2020

	LID Programs					Low Incidence Disability Totals	Deaf-Blind
	Autism Impairment	Emotional Disturbance	Deaf and Hard of Hearing	Multiple Disabilities	Visual Impairment		
Alaska Gateway	3		1	4		8	
Aleutian Region	1			1		2	1
Aleutians East	1	1				2	
Anchorage							2
Annette Island	2	2	4	7	1	16	
Bering Strait	5	6		12	1	24	
Bristol Bay	1			1		2	
Chatham	2	1		2		5	
Chugach		2				2	
Copper River	11	2	1			14	
Cordova	6			1	1	8	
Craig	1			1		2	
Delta-Greely	7			3		10	
Denali		4		1		5	
Dillingham		4				4	
Fairbanks							7
Galena			1	3		4	
Haines		1		2		3	
Hoonah	3	2		1		6	
Hydaburg			1	1		2	
Iditarod Area	2	3	1	1		7	
Juneau			1	2		3	1
Kake		2				2	
Kashunamiut		2		3		5	
Kenai	2			4		6	1
Ketchikan	9	3	3	7	2	24	

APPENDIX B

(Continued)

SESA Student Count by School District for Low Incidence Disability (LID) and Deaf-Blind Programs as of February 20, 2020

	LID Programs					Low Incidence Disability Totals	Deaf-Blind
	Autism Impairment	Emotional Disturbance	Deaf and Hard of Hearing	Multiple Disabilities	Visual Impairment		
Klawock	4		1	1		6	
Kodiak	7		5	4		16	
Kuspuk	1			2		3	
Lake & Peninsula		1		1	1	3	
Lower Kuskokwim	8	1	4	26	3	42	
Lower Yukon	2	2	1	5	1	11	
Mat-Su							3
Nome	2	1		2		5	
North Slope			1	1		2	
Northwest Arctic	2	3		3		8	
Pelican City	2					2	
Petersburg	4	1				5	
Pribilof				1		1	
Sitka	6	1	1	6		14	
Skagway	1	2		1		4	
Southeast Island	3					3	
Southwest Region	5	2	1	3		11	
St. Mary's				2		2	
Tanana		1				1	
Unalaska	1			1		2	
Valdez	9	3				12	1
Wrangell	3					3	
Yakutat	3	1				4	
Yukon/Koyukuk	3		1	1	1	6	
Yupiit	1				2	3	
Grand Total	123	54	28	117	13	335	16

Source: SESA database as of February 2020.

APPENDIX C

School District Special Education Director Survey Questions and Responses

1. What is your school district's level of satisfaction with the services SESA provides?

Responses	Number of Responses	Percentage of Responses
Very satisfied	27	90%
Somewhat satisfied	3	10%
Neither satisfied nor dissatisfied	0	0%
Somewhat dissatisfied	0	0%
Very dissatisfied	0	0%
Total	30	100%

2. Is there an adequate number of SESA education specialists to assist school district personnel?

Responses	Number of Responses	Percentage of Responses
Yes	26	87%
No	4	13%
Total	30	100%

3. Do SESA education specialists have sufficient education and expertise to assist school district personnel?

Responses	Number of Responses	Percentage of Responses
Yes	30	100%
No	0	0%
Total	30	100%

APPENDIX C (Continued)

4. To what degree are SESA education specialists available when needed to provide services to school district personnel?

Responses	Number of Responses	Percentage of Responses
Always available	25	83%
Occasionally available	5	17%
Never available	0	0%
Total	30	100%

5. Typically, during a school year, how many times do SESA education specialists provide on-site visits?

Responses	Number of Responses	Percentage of Responses
One time	1	3%
Two times	4	13%
Three times	15	50%
More than three times	8	27%
No on-site visits are provided	2	7%
Total	30	100%

6. Are the number of on-site visits adequate?

Responses	Number of Responses	Percentage of Responses
Yes	24	80%
No	6	20%
Total	30	100%

APPENDIX C (Continued)

7. How can SESA improve? (Open ended question. Twenty-five of the thirty responded with the following common themes.)

Responses	Number of Responses	Percentage of Responses
No improvements noted	10	40%
More education specialists	6	24%
More support/training/on-site visits	4	16%
More or better coordination of school district meetings	3	12%
More funding	2	8%
Total	25	100%

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APPENDIX D

Special Education Service Agency Schedule of Revenues and Expenditures FY 17 through FY 19

	FY 17	FY 18	FY 19
Revenues:			
State Revenues			
<i>Department of Education and Early Development</i>			
Low Incidence Disability	\$2,418,865	\$2,430,008	\$2,426,759
Alaska Autism Resource Center	388,000	388,000	383,873
Indicators	159,962	152,661	153,976
Positive Behavior Interventions and Support Conference	25,021	24,310	
Discretionary Funds*			175,000
Subtotal	<u>2,991,848</u>	<u>2,994,979</u>	<u>3,139,608</u>
 <i>Department of Revenue – Alaska Mental Health Trust Authority</i>			
Mini Grants			4,114
 <i>Department of Administration</i>			
Retirement System Relief – LID	<u>147,921</u>	<u>149,025</u>	<u>212,094</u>
Total State Revenue	<u>3,139,769</u>	<u>3,144,004</u>	<u>3,355,816</u>
 Federal Revenues			
Direct Grant – Alaska Deaf-Blind Project	<u>79,508</u>	<u>163,035</u>	<u>104,430</u>
Total Direct Federal Revenue	<u>79,508</u>	<u>163,035</u>	<u>104,430</u>
 Other Revenue	 35,977	 15,679	 27,455
 Total Revenues	 <u>\$3,255,254</u>	 <u>\$3,322,718</u>	 <u>\$3,487,701</u>

*One time additional funding to support the LID program.

APPENDIX D

(Continued)

Special Education Service Agency Schedule of Revenues and Expenditures FY 17 through FY 19

	FY 17	FY 18	FY 19
Expenditures:			
State Expenditures			
<i>Department of Education and Early Development</i>			
Low Incidence Disability	\$2,273,181	\$2,201,521	\$2,493,066
Alaska Autism Resource Center	394,819	388,000	383,873
Indicators	159,962	152,661	153,976
Positive Behavior Interventions and Support Conference	25,021	24,310	
Discretionary Funds			175,000
Subtotal	<u>2,852,983</u>	<u>2,766,492</u>	<u>3,205,915</u>
 <i>Department of Revenue – Alaska Mental Health Trust Authority</i>			
Mini Grants			4,114
 <i>Department of Administration</i>			
Retirement System Relief – LID	147,921	149,025	212,094
Total State Expenditures	<u>3,000,904</u>	<u>2,915,517</u>	<u>3,422,123</u>
 Federal Expenditures			
Direct Grant – Alaska Deaf-Blind Project	79,508	163,035	104,430
Total Direct Federal Expenditures	<u>79,508</u>	<u>163,035</u>	<u>104,430</u>
 Other Expenditures	35,977	14,030	22,786
Total Expenditures	<u>\$3,116,389</u>	<u>\$3,092,582</u>	<u>\$3,549,339</u>
 Excess Revenue Over Expenditures	<u>\$138,865</u>	<u>\$230,136</u>	<u>(\$61,638)</u>

Source: FY 17 to FY 19 SESA Audited Financial Statements.

Agency Response from the Department of Education and Early Development



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Education & Early Development

OFFICE OF THE COMMISSIONER

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Fax: 907.465.4156

October 6, 2020

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

RECEIVED

SEP 29 2020

LEGISLATIVE AUDIT

The Department of Education and Early Development (DEED) appreciates the opportunity to respond to the audit recommendation in the preliminary audit report, *DEED, and Department of Health and Social Services (DHSS), Special Education Service Agency (SESA or agency) Sunset Review*, dated April 3, 2020.

Recommendation No. 1

SESA's executive director should implement written procedures to ensure reclassification of a student's referred disability is adequately supported and communicated to school district personnel.

DEED concurs with Recommendation No. 1. We appreciate this being brought to our attention.

SESA has implemented changes to their documentation to address Recommendation No. 1 and the department is confident that SESA's policy regarding special education categories ensures compliance with state and federal regulations, specifically the Individuals with Disabilities Education Act (IDEA).

Response to Report Conclusions

The department concurs that SESA meets a valid public need through the services they offer.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Johnson".

Dr. Michael Johnson
Commissioner

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Agency Response from the Department of Health and Social Services



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health and Social Services

OFFICE OF THE COMMISSIONER

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RECEIVED

SEP 24 2020

LEGISLATIVE AUDIT

September 24, 2020

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis,

RE: Confidential Preliminary Audit Report, Department of Education and Early Development (DEED), and Department of Health and Social Services (DHSS), Special Education Service Agency (SESA or agency) Sunset Review.

The Department of Health and Social Services (DHSS) appreciates the opportunity to review and evaluate the audit report with the associated recommendation as shared in your confidential audit report.

In response to the Report Conclusion:

DHSS appreciates the recommendation by the audit to extend SESA's termination date. The audit report highlights the critical work coordinated through SESA and the strategic improvements it has undertaken to better fulfill its mission.

Recommendation No. 1 SESA's executive director should implement written procedures to ensure reclassification of a student's referred disability is adequately supported and communicated to school district personnel.

DHSS, together with the executive director of the Governor's Council on Disabilities and Special Education reviewed this recommendation. We support SESA's response dated April 30, 2020 from Jeanne Gerhardt-Cyrus, President, SESA Board of Directors and concur with this recommendation.

Please contact Linnea Osborne at 907-465-6333 if you have any questions or concerns.

September 24, 2020
Page 2 of 2

Sincerely,



Adam Crum
Commissioner

CC: Sana P. Efird, Assistant Commissioner
Albert Wall, Deputy Commissioner
John Lee, Director Senior and Disabilities Services
Linnea Osborne, Accountant V
Jeanne Gerhardt-Cyrus, President, SESA Board of Directors
Kristin Vandagriff, Executive Director, Governor's Council on Disabilities and Special Education

Agency Response from the Special Education Service Agency



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9/24/2020

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

RECEIVED

SEP 25 2020

LEGISLATIVE AUDIT

Dear Ms. Curtis,

The Board of Directors of the Special Education Service Agency is in receipt of the confidential preliminary audit report dated April 3, 2020. We are sincerely appreciative of the Division of Legislative Audit's comprehensive evaluation of the Special Education Service Agency. We are excited the audit found SESA to be an efficient organization meeting a public need and recommends reauthorization of SESA until June 30, 2029. This letter serves as SESA's written response to the April 3, 2020, Preliminary Audit Report.

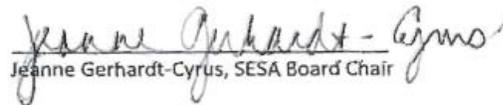
Recommendation No. 1

SESA's executive director should implement written procedures to ensure reclassification of a student's referred disability is adequately supported and communicated to school district personnel.

SESA service to school districts include an option for districts to request a LID program service different from that of the primary disability of the child. This option is captured in the SESA database via two status fields. The first field, disability, captures the state classification of the child's disability from the IEP. The second field, program, captures the LID SESA program providing service. SESA will redesign operational process and procedure to avoid input errors in capturing the primary disability from the IEP; redesign the referral form to clearly indicate district request for program services when different from the primary disability; redesign the status of service form sent to special education directors to indicate provision of SESA service in a program area other than that of the primary disability.

Thank you for the opportunity to respond to the preliminary audit report. If further information is required, I can be contacted at: (907) 412 -0419 (Cell), or fasd@kobukvalleyconsulting.com

Sincerely,


Jeanne Gerhardt-Cyrus, SESA Board Chair