

**HB**

**198**

<TARGET><BILL>HB 198</BILL><SUBJECT>HB  
198</SUBJECT><COMM>HFIN27</COMM></TARGET>

# FISCAL NOTE

STATE OF ALASKA cost # codes  
 2012 LEGISLATIVE SESSION

Bill Version HB198  
 Fiscal Note Number \_\_\_\_\_  
 Publish Date \_\_\_\_\_

Identifier (file name) HB198-EED-ESS-11-21-11 Dept. Affected Education & Early Development  
 Title "An Act relating to the special education service agency." Appropriation K-12 Support  
 Allocation Special Schools  
 Sponsor House Education Committee  
 Requester House Finance Committee OMB Component Number 2735

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits	899.3						
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>899.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF	899.3					
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
<b>TOTAL</b>		<b>899.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY12) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs \_\_\_\_\_ (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This Fiscal Note has been updated on the 2012 form.

Prepared by Elizabeth Nudelman, Director  
 Division School Finance & Facilities  
 Approved by Mike Hanley  
Commissioner

Phone 465-8679  
 Date/Time 11/21/11 12:00 AM  
 Date 12/9/2011

FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HB198

**Analysis**

The bill would change the way the funding for the special education service agency would be calculated. The calculation would be four-tenths of one percent of the Base Student Allocation (BSA) multiplied by the statewide average daily membership (ADM). This replaces the current formula of \$15.75 multiplied by the statewide ADM.

For the current projected FY2013 BSA of \$5,680 multiplied by four-tenths of one percent results in a rate of \$22.72 per ADM for FY2013. The FY2013 ADM is projected at 129,021.

SESA is projected to receive under the current funding formula \$2,032,100 ( $\$15.75 \times 129,021$  rounded to nearest hundred) and under this bill SESA is projected to receive \$2,931,400 ( $\$22.72 \times 129,021$  rounded to nearest hundred). SESA is projected to receive under this bill an additional \$899,300 ( $\$2,931,400 - \$2,032,100 = \$899,300$ ).

Sec. 2 of the bill repeals the expiration for the special education services agency.

Alaska State Legislature

Rep. Lance Pruitt, Vice-Chairman  
Rep. Sharon Cissna  
Rep. Eric Feige



Rep. Peggy Wilson  
Rep. Paul Seaton  
Rep. Scott Kawasaki

Rep. Alan Dick, Chairman  
**HOUSE EDUCATION COMMITTEE**

**SPONSOR STATEMENT**

House Bill 198

Special Education Service Agency Funding/Sunset

House Bill 198 removes a sunset requirement and increases state funding to the Special Education Service Agency (SESA), a not-for-profit organization established in statute in 1986. SESA is governed by the Governor's Council on Disabilities and Special Education and its own independent board of directors.

The Special Education Service Agency assists local school districts to provide needed special education services. Sometimes districts cannot fully serve students that have low-incidence disabilities with their existing personnel and resources. SESA has a pool of educators trained to give support to teachers and administrators who work daily with students who are deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically disabled, health-impaired in other ways, and severely emotionally disturbed . . . (AS 14.30.630 (b)(1)).

The Special Education Service Agency receives state support based on a funding formula adopted in 1998. Each year the Department of Education and Early Development allocates to SESA not less than \$15.75 times the number of students statewide. Although local school districts have received an increase in state funding since 1998, SESA has not. Under HB 198, the multiplier increases as the base student allocation increases. Currently the computation (.4 percent of \$5,680) equals \$22.72 which approximates the impact of inflation from 1998 to 2011.

The Special Education Service Agency is set to expire on June 30, 2013. During previous performance audits, both the Department of Education and the Legislative Auditor recommended removing SESA from the sunset process. House Bill 198 repeals the sunset requirement and thus allows SESA to plan long-term.

Thank you for your support of this legislation.

**FOUNDATION PROGRAM**  
*FY'88 through FY'11*  
 Average Daily Membership's

DISTRICT	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
ADAK													
ALASKA GATEWAY	506.84	485.40	481.05	495.31	486.85	493.26	443.25	412.35	412.35	375.21	383.26	361.80	384.80
ALEUTIAN REGION	46.70	75.15	59.40	54.75	49.25	41.85	46.00	44.00	42.00	37.45	37.00	37.00	30.65
ALEUTIANS EAST	310.35	299.55	307.75	292.75	273.75	278.49	268.55	246.40	233.00	256.50	248.75	237.30	245.00
ANCHORAGE	48,115.53	48,157.22	48,856.09	49,246.83	49,544.94	49,264.98	49,182.37	49,319.56	48,706.93	48,143.53	48,227.36	49,060.82	48,613.23
ANNETTE ISLANDS	355.23	368.00	325.75	311.05	290.65	287.50	298.35	291.29	282.35	288.85	267.55	276.75	275.75
BERING STRAIT	1,782.90	1,775.45	1,760.25	1,728.30	1,733.85	1,704.00	1,699.15	1,668.30	1,672.45	1,645.55	1,652.95	1,642.85	1,653.60
BRISTOL BAY	295.65	278.60	243.05	237.45	233.60	195.35	184.40	179.00	188.10	182.25	144.65	155.05	160.05
CHATHAM	272.05	257.00	247.50	227.35	219.90	215.00	195.10	203.50	194.82	168.39	151.75	156.40	157.25
CHUGACH	161.00	157.35	167.10	207.45	200.50	191.10	218.75	214.02	199.63	227.75	224.80	264.00	254.45
COPPER RIVER	713.65	727.29	689.91	714.08	675.12	658.25	640.40	610.40	559.55	518.95	502.90	495.71	471.68
CORDOVA	491.34	485.45	475.95	461.45	464.10	471.40	451.60	446.95	420.50	408.90	368.40	360.40	337.75
CRAIG	432.00	420.60	516.30	693.95	855.40	955.44	656.80	766.25	754.19	748.90	723.32	659.05	624.03
DELTA/GREELY	1,099.75	898.78	801.50	834.77	1,004.31	1,031.24	1,187.81	1,260.60	1,319.77	1,159.73	1,077.44	1,007.38	894.95
DENALI	362.10	326.50	312.65	287.50	310.15	571.15	664.20	633.90	548.35	573.65	407.79	461.04	721.15
DILLINGHAM	548.05	561.80	579.85	540.70	520.66	513.13	531.80	550.90	531.43	506.70	500.45	469.52	478.70
FAIRBANKS	16,093.54	15,804.16	15,546.50	15,254.51	15,120.94	14,594.39	14,553.71	14,508.60	14,441.99	14,082.48	14,147.57	14,417.84	14,238.23
GALENA	3,234.00	3,660.00	3,373.99	3,669.28	3,767.90	3,890.03	3,680.26	3,638.50	3,727.18	3,759.05	3,649.40	3,683.35	3,813.54
HAINES	448.75	413.45	407.15	377.20	323.70	318.99	296.57	290.90	297.75	316.05	305.25	309.09	305.15
HOONAH	230.85	236.75	226.90	211.30	188.40	179.40	171.70	166.50	152.95	131.40	123.45	106.07	120.70
HYDABURG	110.50	107.85	102.85	100.10	92.20	86.85	74.50	72.50	79.60	75.45	66.63	51.85	62.65
IDITAROD	534.18	568.10	638.95	561.12	403.50	376.30	344.53	331.25	338.00	302.25	280.43	305.87	313.03
JUNEAU	5,701.25	5,646.85	5,520.78	5,507.50	5,521.13	5,441.87	5,306.28	5,236.57	5,155.30	5,072.60	4,972.69	5,020.42	4,982.63
KAKE	185.80	166.70	165.00	171.62	151.85	155.15	141.75	116.00	103.55	101.45	93.35	88.50	85.40
KASHUNAMIUT	279.00	298.20	314.00	321.80	350.40	362.25	354.65	330.55	339.20	325.55	312.50	301.75	305.95
KENAI	10,181.60	9,982.41	9,946.74	9,799.38	9,632.43	9,561.95	9,527.25	9,388.83	9,368.14	9,249.70	9,255.77	9,144.67	9,025.06
KETCHIKAN	2,723.85	2,598.90	2,489.68	2,400.58	2,398.35	2,370.42	2,306.35	2,295.72	2,272.90	2,251.85	2,126.83	2,135.73	2,150.81
KLAWOCK	201.00	206.00	207.90	174.00	158.90	147.68	159.60	140.45	135.50	125.10	136.80	135.60	136.80
KODIAK	2,797.64	2,810.05	2,773.95	2,820.84	2,750.35	2,676.63	2,678.45	2,717.72	2,635.82	2,671.40	2,597.89	2,567.04	2,543.27
KUSPUK	474.29	493.85	470.15	433.00	426.70	424.10	414.05	415.00	396.60	383.40	339.65	340.90	348.55
LAKE AND PENN.	548.85	480.95	462.48	427.80	412.55	418.23	398.57	386.42	378.45	367.75	368.68	343.22	327.30
LOWER KUSKOKWI	3,553.70	3,614.00	3,647.53	3,646.73	3,704.69	3,784.60	3,832.13	3,930.25	3,961.85	3,916.70	3,953.55	3,967.85	3,995.15
LOWER YUKON	1,860.95	1,936.15	1,926.70	1,937.85	2,053.15	2,031.80	2,017.45	2,036.75	1,968.30	2,035.15	2,031.10	1,922.35	1,964.05
MATSU	12,713.25	12,513.08	12,752.40	13,156.24	13,547.27	14,304.06	14,661.48	15,438.13	15,846.65	16,115.15	16,480.83	16,663.10	16,964.56
NENANA	398.00	1,005.00	1,828.25	1,753.70	1,256.69	931.32	715.52	686.02	601.45	887.58	1,001.66	969.42	1,063.18
NOME	776.25	769.10	776.95	737.65	736.15	715.10	767.40	767.85	748.55	719.52	673.71	667.55	680.25
NORTH SLOPE	2,043.90	2,008.90	2,094.20	2,020.78	1,970.25	1,810.45	1,691.15	1,726.15	1,623.00	1,618.00	1,580.70	1,537.60	1,612.30
NORTHWEST ARCTIC	2,088.30	2,151.50	2,203.15	2,164.35	2,151.90	2,028.75	1,998.80	2,018.85	1,976.15	1,944.25	1,857.30	1,830.75	1,776.08
PELICAN	29.80	33.65	23.00	18.65	18.00	15.00	11.20	13.60	14.95	16.00	14.55	12.90	12.00
PETERSBURG	752.05	699.10	678.30	652.83	625.85	657.45	629.60	591.45	588.55	559.60	517.17	510.60	485.83
PRIBILOF	157.40	158.25	143.50	136.65	135.50	124.25	127.25	114.75	123.00	111.60	109.65	97.60	86.85
SAINT MARY'S	129.90	144.15	137.70	152.85	167.16	147.50	154.70	164.80	185.35	186.30	176.80	164.15	176.50
SITKA	1,694.25	1,722.11	1,589.43	1,609.41	1,548.91	1,466.53	1,478.31	1,476.66	1,453.84	1,377.93	1,316.21	1,315.10	1,299.18
SKAGWAY	128.60	131.30	136.75	120.20	109.67	105.83	108.75	109.25	99.50	105.90	94.55	89.85	78.40
SOUTHEAST	297.78	294.50	281.15	243.60	223.00	219.80	212.00	206.50	186.90	152.35	167.20	141.10	158.85
SOUTHWEST	774.70	758.25	767.91	758.60	721.25	676.95	705.95	668.70	673.65	657.70	633.50	639.85	627.45
TANANA	104.00	92.75	80.00	64.13	77.50	92.00	115.05	66.55	53.95	57.40	39.15	43.25	41.45
UNALASKA	353.03	351.91	351.34	368.90	392.95	398.55	398.70	397.50	385.75	387.75	402.35	402.70	406.75
VALDEZ	855.05	865.20	864.75	887.60	866.70	865.25	827.60	797.13	748.35	724.50	691.60	671.40	675.90
WRANGELL	526.63	505.05	488.35	465.95	435.45	391.78	375.30	369.85	354.74	346.45	323.73	314.70	339.25
YAKUTAT	166.00	159.75	166.25	172.00	144.25	125.00	133.15	132.50	117.75	121.85	121.25	110.30	119.25
YUKON FLATS	375.75	352.10	307.00	299.95	307.25	292.20	275.90	270.33	265.88	280.74	270.80	271.70	246.65
YUKON/KOYUKUK	548.90	535.85	484.50	496.75	885.07	1,381.07	1,799.66	1,560.72	1,426.65	1,320.13	1,367.98	1,442.18	1,325.92
YUPIIT	401.95	398.00	420.00	445.60	424.00	434.25	445.15	446.15	458.25	460.05	444.75	448.90	450.40
STATE ACS	2,628.73	1,419.47	1,306.02	1,465.47	1,085.84	411.78	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mt. EDGECUMBE	307.71	329.00	330.00	329.50	334.00	334.90	368.75	394.95	407.90	404.45	427.10	395.85	398.40
<b>TOTALS</b>	<b>132,904.81</b>	<b>131,696.48</b>	<b>132,256.25</b>	<b>132,669.66</b>	<b>132,484.79</b>	<b>131,622.55</b>	<b>130,927.70</b>	<b>131,263.47</b>	<b>130,164.21</b>	<b>128,975.24</b>	<b>128,380.75</b>	<b>129,228.67</b>	<b>129,046.71</b>

Submitted by Sponsor

FOUNDATION PROGRAM

FY88 through FY11

Average Daily Membership's

DISTRICT	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98
ADAK	603.70	657.85	696.45	712.00	714.45	681.35	495.20	-	-	-	-
ALASKA GATEWAY	502.40	462.70	482.95	501.55	495.45	512.05	525.55	536.15	552.10	572.65	514.35
ALEUTIAN REGION	104.75	111.00	28.00	33.00	28.00	23.00	16.00	18.00	21.00	34.00	36.45
ALEUTIANS EAST	274.15	279.30	341.05	371.00	370.00	391.00	369.00	365.00	355.00	372.00	341.35
ANCHORAGE	38,734.41	38,685.23	39,236.27	40,533.36	43,058.90	44,279.73	45,645.36	45,895.60	46,158.76	46,470.40	47,315.76
ANNETTE ISLANDS	414.50	428.65	404.70	381.00	423.90	397.00	407.00	420.00	444.00	391.00	396.57
BERING STRAIT	1,259.40	1,250.20	1,326.75	1,356.30	1,433.95	1,476.65	1,539.15	1,600.70	1,679.10	1,706.00	1,759.70
BRISTOL BAY	245.40	249.00	245.35	253.00	272.65	265.35	271.60	271.00	301.00	313.45	305.00
CHATHAM	316.00	307.05	352.45	382.30	376.30	348.95	326.55	325.85	337.30	334.30	293.00
CHUGACH	107.00	98.00	106.00	113.90	128.25	132.25	122.75	133.00	144.00	157.00	167.00
COPPER RIVER	536.45	597.45	583.47	581.95	592.45	607.90	598.25	623.25	658.65	772.60	817.94
CORDOVA	429.00	428.00	428.00	437.90	478.75	502.50	511.15	528.15	519.15	534.30	514.70
CRAIG	213.00	217.60	255.00	303.40	314.25	356.45	367.00	396.00	424.00	422.00	428.00
DELTA/GREELY	929.65	895.40	857.20	841.00	849.70	959.50	989.70	974.00	884.65	843.65	951.01
DENALI	364.10	337.20	347.50	333.20	329.60	369.55	379.65	384.55	384.00	390.90	349.85
DILLINGHAM	463.25	460.00	449.45	480.50	504.10	488.05	494.45	496.20	524.00	541.25	583.15
FAIRBANKS	13,194.95	13,188.50	13,538.40	14,245.80	14,883.20	15,250.50	15,408.00	15,406.50	15,816.00	16,131.65	16,347.80
GALENA	151.20	146.80	135.50	121.40	142.30	128.45	133.10	144.00	150.00	165.00	1,359.00
HAINES	365.60	363.30	397.00	433.15	447.90	432.30	409.05	413.15	434.90	444.90	438.40
HOONAH	239.60	251.33	257.65	234.00	234.95	256.00	267.00	259.40	278.00	271.00	260.15
HYDABURG	109.40	106.00	101.95	108.40	119.00	115.80	109.20	107.50	113.60	117.00	123.00
IDITAROD	398.60	398.95	421.00	353.08	388.25	418.20	398.95	417.85	422.55	415.86	457.90
JUNEAU	4,492.96	4,588.90	4,890.00	5,124.30	5,247.30	5,412.70	5,394.45	5,399.75	5,515.35	5,586.45	5,662.69
KAKE	180.00	181.00	166.00	178.70	185.05	179.00	175.25	185.00	190.00	199.90	194.40
KASHUNAMIUT	169.00	165.00	154.00	181.70	191.15	191.65	207.60	229.90	244.00	246.95	269.85
KENAI	8,003.33	8,232.18	8,486.36	9,168.90	9,449.30	9,589.00	9,846.05	10,144.00	10,280.70	10,341.96	10,376.84
KETCHIKAN	2,531.19	2,480.11	2,617.50	2,693.25	2,663.50	2,690.10	2,735.38	2,728.93	2,850.40	2,856.25	2,731.10
KLAWOCK	170.07	185.30	208.85	201.90	211.85	205.75	210.00	206.95	220.15	210.30	220.85
KODIAK	2,284.76	2,273.36	2,321.14	2,403.88	2,525.08	2,597.81	2,747.82	2,711.45	2,871.76	2,862.01	2,851.30
KUSPUK	375.35	391.85	413.40	426.80	451.30	427.75	451.20	449.85	468.35	473.70	473.03
LAKE AND PENN.	346.70	357.15	407.35	413.20	446.70	462.85	497.40	507.63	497.65	523.55	522.95
LOWER KUSKOKWI.	2,605.95	2,637.90	2,685.73	2,710.75	2,780.33	2,885.80	2,963.73	3,051.05	3,275.15	3,371.53	3,442.25
LOWER YUKON	1,281.80	1,285.70	1,301.57	1,343.90	1,364.45	1,520.65	1,585.25	1,620.65	1,695.20	1,735.95	1,850.20
MATSU	8,605.75	8,430.50	8,824.00	9,459.78	10,141.33	10,677.00	11,336.70	11,894.00	12,037.28	12,352.13	12,777.39
NENANA	201.25	194.80	185.50	195.80	191.50	199.20	184.95	162.91	161.00	173.45	220.00
NOME	724.85	749.35	754.00	777.95	776.00	727.95	711.75	701.75	732.95	776.55	796.20
NORTH SLOPE	1,251.50	1,237.14	1,301.80	1,359.40	1,462.45	1,508.09	1,623.05	1,702.10	1,805.90	1,936.80	1,982.95
NORTHWEST ARCTI	1,540.00	1,613.97	1,645.75	1,582.10	1,629.45	1,736.80	1,804.25	1,872.80	1,892.05	2,000.10	2,065.55
PELICAN	49.40	42.50	49.00	48.20	45.90	47.00	45.00	44.85	38.25	31.75	33.00
PETERSBURG	630.03	658.35	685.10	681.20	702.35	706.40	711.10	758.75	753.55	763.05	768.60
PRIBILOF	151.85	149.10	149.55	143.10	152.90	158.50	168.00	182.00	213.15	197.20	187.00
SAINT MARY'S	112.40	110.90	111.40	115.60	105.50	97.73	94.60	108.50	129.10	130.00	131.80
SITKA	1,616.80	1,657.90	1,670.18	1,723.59	1,786.77	1,858.38	1,873.38	1,838.68	1,804.87	1,769.60	1,745.28
SKAGWAY	141.50	144.30	145.15	144.75	145.00	153.00	143.00	127.20	131.30	136.66	131.60
SOUTHEAST	464.50	517.00	555.10	521.60	415.80	418.00	413.75	381.95	349.85	325.55	277.00
SOUTHWEST	480.48	466.35	435.60	442.80	472.50	478.85	554.25	568.30	629.80	700.80	743.10
TANANA	85.00	94.00	88.00	109.00	100.00	98.00	101.00	102.25	94.00	102.00	113.00
UNALASKA	153.20	188.25	204.20	258.05	304.45	330.20	358.60	356.10	352.80	374.60	380.10
VALDEZ	693.30	686.00	762.60	781.50	853.75	906.60	896.90	902.75	895.75	877.00	887.75
WRANGELL	507.00	518.20	508.70	508.90	534.00	519.20	541.20	566.85	555.00	528.00	521.15
YAKUTAT	133.75	131.30	132.35	150.00	139.00	137.00	150.00	167.00	175.00	160.00	169.00
YUKON FLATS	361.00	338.00	339.00	374.75	377.87	387.85	398.90	405.15	422.62	444.00	448.25
YUKON/KOYUKUK	544.90	508.95	529.25	512.40	549.50	584.65	598.80	590.10	625.10	555.60	545.85
YUPIIT	296.00	307.00	315.00	318.70	360.00	367.00	366.00	367.00	387.00	401.00	397.00
STATE ACS	973.78	1,407.89	1,437.09	1,984.74	2,079.48	2,280.47	1,475.14	1,477.15	1,580.85	1,626.47	1,568.92
Mt. EDGECUMBE	-	190.80	189.70	212.50	212.95	267.70	281.60	282.30	275.12	293.00	307.57
<b>TOTALS</b>	<b>102,115.86</b>	<b>103,040.51</b>	<b>105,662.01</b>	<b>110,364.88</b>	<b>115,640.76</b>	<b>119,201.16</b>	<b>121,429.71</b>	<b>122,511.45</b>	<b>124,752.76</b>	<b>126,464.77</b>	<b>129,553.60</b>

Provided By: Department of Education + Early Development

**Answers to House Finance Committee Questions on HB 198**

Prepared by

Governor's Council on Disabilities and Special Education

Special Education Service Agency (SESA)

1. What is per student cost for SESA's budget? (Representative Gara)

SESA's low incidence disabilities (LID) programs provides consultation and training to support students, district staff, and their communities across the state of Alaska. The FY11 allotment was \$2,402,504 and 207 students and their Individualized Education Program (IEP) teams of were served. Of these students, 142 or 68.6% were students eligible for intensive needs funding. If looking strictly at the per student costs for the 207 students, the average cost was \$11,606 per student, of which \$198,661 was travel costs directly associated with specialists traveling to rural and remote locations of the state to consult on educational strategies for individual students. However, these trips also include specialists providing on-site training (sometimes for university credit) to school-wide or district-wide staff. SESA staff also present at the Alaska State Special Education Conference held annually in Anchorage. In FY11, 547 people received training statewide. On average, SESA staff spends 83% percent of their time in the individual student consultations and 17% on training. If the training time is subtracted out, the overall cost per student is reduced to \$9,633. The cost per person trained was \$1,973.

SESA services are described in Part IX Section 5 of the Department of Education & Early Development's *State Special Education Handbook*.

2. How much is the Department of Education & Early Development paying for special education? How does SESA intersect with the Department's special education funding? (Representative Tammie Wilson)

SESA's funding is appropriated by the legislature and routed through the Department of Education & Early Development (EED). EED staff is preparing a response to this question and will be forwarding information directly to the committee.

3. Why tie the increase to the Average Daily Membership (ADM) and the Base Student Allocation (BSA) versus just an increased amount fixed in statute? (Representative Costello)

Unless there is a mechanism to adjust for inflation (and that may not be possible to do in statute), an increased amount fixed in statute means that SESA would be in the same financial situation it is now within a few years, with no way to secure additional funding as inflation increases. Since there have been increases in the BSA over the years, it makes more sense to tie SESA's funding to the BSA; that way, if school districts receive an increase, so will SESA; if school districts do not receive an increase, neither will SESA.

As it stands now, because the current amount is set in statute at \$15.75 per ADM of the previous year, SESA has not had an increase in funding since 1998. Had SESA received the equivalent of percentage increases to the base student allocation, the \$15.75 would have increased to \$22.71 per ADM of the previous year.

4. What are SESA's administrative costs? What does it cost for SESA to participate in PERS/TRS? (Representative Fairclough)

<b>SESA Low Incidence Disabilities Program Administrative Costs</b>	
Administrative Salaries	186,790
Benefits	46,260
Accounting and Audit Services	103,000
Legal Services	5,000
Administrative Travel (includes 2 administrators and Board of Directors travel to 4 meetings a year and various other meetings/workshops)	60,600
Telecommunications	2,680
Office Supplies	7,000
Dues & Subscriptions	4,500
<b>TOTAL</b>	<b>\$415,830</b>

Cost to Participate in PERS (22% of salaries. SOA pays 11.49% as On-Behalf). The LID PERS cost, not including On-Behalf for FY12 will be approximately \$43,000. The On-Behalf will be approximately \$22,400.

Cost to Participate in TRS (12.56% of salaries. SOA pays 32.99% as On-Behalf). The LID TRS cost, not including On-Behalf for FY12 will be approximately \$129,000. The On-Behalf will be approximately \$338,900.

5. I have never heard of SESA. Are school districts receiving services twice? Can school districts do the work of SESA? (Representative Thomas)

SESA interacts mainly with school districts and typically does not have much interaction with the legislature except when its sunset review is underway. SESA was last re-authorized through June 30, 2012 by the 2004 legislature. Since the performance audit prepared as part of the sunset review process included seven audit recommendations, the Division of Legislative Audit was directed to conduct a follow-up review to its prior performance audit in 2006-2007.

In House District 5, SESA is currently providing services to 33 students in Cordova, Craig, Gustavus, Haines, Hoonah, Hydaburg, Kake, Klawock, Metlakatla and Skagway. They included students with autism, vision impairments, multiple disabilities and emotional disturbances.

<b>Number of Students SESA is Currently Serving in House District 5</b>	
Cordova	8
Craig	4
Gustavus	1
Haines	3
Hoonah	9
Hydaburg	1

Kake	1
Klawock	4
Metlakatla	1
Skagway	1
<b>TOTAL</b>	<b>33</b>

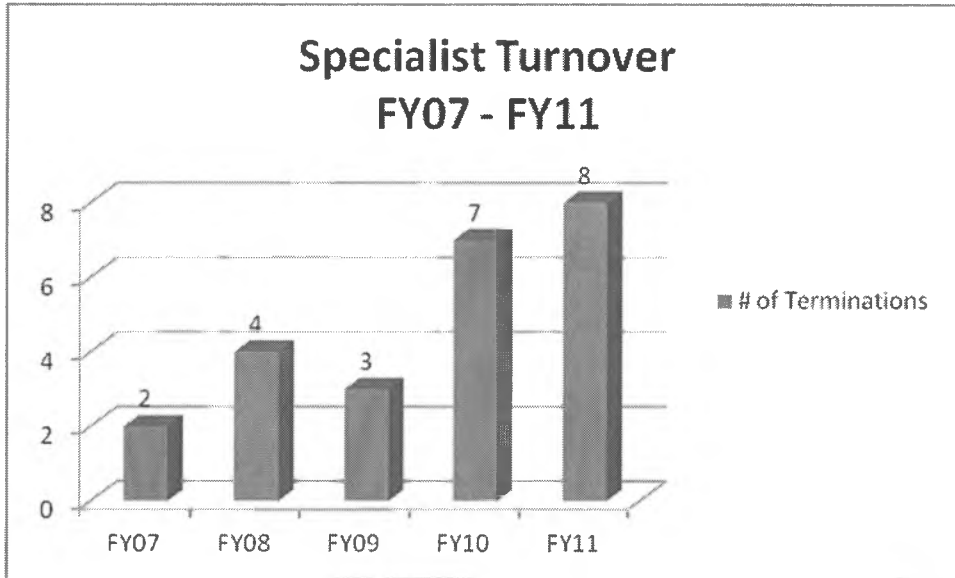
School districts are not receiving services twice. A district wouldn't call if they could provide the service themselves. In fact, EED's *Special Education Handbook* makes it clear that 1) the school district enrollment of children with similar needs must be too low to warrant a district-employed specialist; 2) SESA's LID program is supplemental to the district's programming; and 3) State and federal requirements in the identification, evaluation, planning and education for children served through the LID program remain the responsibility of the district.

As an example of what SESA does, a school in interior Alaska had a deaf student whose family refused to learn sign language. As a result, this young pre-school student had major behavior problems because he had no way to communicate with his certified special education teacher who did not know sign language and fellow students. Fast forward 4 years to the 2 and 3<sup>rd</sup> grade signing all the Christmas carols as a result of SESA staff teaching basic sign language to teachers, aides, staff and students at the elementary school. The students then fulfilled a requirement of his IEP by becoming his "like peers" to communicate although the parents still don't know sign language. Without SESA's assistance, the district would have been in a time-consuming and expensive Due Process hearing because sign language instruction was not available in the community due to loss of an instructor and the district would not have been providing a Free Appropriate Public Education with like communication peers.

6. Why isn't the Department of Education & Early Development distributing the District Cost Factor funds in such a way to make up for this kind of need? (Representative Fairclough)

This question is best answered by EED ,but information is volunteered based on SESA's interactions with school districts. School district need for SESA services fluctuates based on students identified during the annual child count, children enrolled in the district after the child count and the qualifications, experience and skill sets of special education staff. Often, a district is faced with students transferring into the district due to relocations of members of the armed forces, coast guard, canneries, etc. These situations, which are hard to plan for ahead of time, require specialized special education programming, due to the federal timelines in place for districts to accept or reject the current IEP within a set period of time, and to develop a program for the child within stipulations laid out in IDEA. When asked for assistance, SESA helps the district fulfill its responsibilities by attending and/or facilitating IEP meetings and creating a new IEP if needed. Such action assists district staff avert potential problems by having access to a third party with expertise in the particular area of disability.

7. What is the turnover among SESA specialists? (Representative Fairclough)



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Average Employment Term with SESA for those terminating employment:

8.63 Years

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A total of 24 specialists turned over between FY07-FY11. Of these 24, 39.3% moved out of state; 28.6% took another position; 17.9% retired; and 7.1% did not give a reason. One person went back to school and another person died. The number of staff who turned over ranged from a low of 2 in FY07 to a high of 8 in FY11; the average number of staff who turned each year for the past was 4.8 employees; and the average turnover rate was 47.75%,

8. What makes SESA unique? Why should SESA be funded given all the competing needs school districts have? (Representative Costello)

The 2004 and 2007 legislative audit reports concluded that SESA meets a valid public need. There is no duplication of services between the Department of Education & Early Development, school districts, Southeast Regional Resource Center and SESA. SESA enables school districts to meet the distinct educational needs of students with low-incidence disabilities and avoid expensive and time-consuming mediations and due process hearings.

A good analogy for SESA and its unique role in Alaska is the provision of medical care. In this case, a rural hospital contracts for an administrative support (similar to what EED provides to school districts in terms of funding, monitoring compliance with federal laws, specialist support, e.g., SESA,

etc.); the hospital employs general physicians (general education teachers) and a general physician who decided to get additional training on the treatment of patients with cancer (special education teacher). Since the number of people in the community is not large enough for the hospital to have specialists on staff, if a patient comes in with a rare, advanced form of cancer or another rare disease, a specialized consultant (SESA) would be called in for a second opinion and consultation on the best course of treatment.

Some examples of SESA's unique services and outcomes are provided below.

SESA served a 4 year old deaf student who had no language and no school readiness behaviors. The district special education director, special education teacher, and speech pathologist asked for help. The SESA deaf specialist coordinated with the audiologist and school to set up a program and provided technical assistance and sign language training to the aide. The student is now making great progress at school and the aide is receiving ongoing sign language training from a SESA specialist via use of SKYPE.

Parents removed a deaf-blind child from school; found an out-of state program; and then brought the child back to the local school. The special education director called SESA in to help with interpretation of the visual program recommended by the school for the blind, and how it could be adequately implemented in a rural school in a manner compliant with special education law. The student is now a part of the school program with an aide trained by the SESA specialist. The aide also attended SESA specialist trainings provided at the state special education conference.

In addition to providing support and teaching strategies to school district staff in their classrooms, SESA provides support to the student, his or her family and school staff as the student begins to transition into the community and the "world of work". A young man with Down Syndrome is leaving school this year as the owner of an established business. The SESA specialist provided venues to promote his business and supported and facilitated agency connections for his family as a business plan was developed; his product line was expanded; and necessary transition plans were completed. In May, he will transition from being a student to a young, promising businessman with a bright future.

In addition, the infrastructure provided by the LID allotment enables the agency to offer, through grants, other specialized services such as the State Deaf-Blind Project, the Bring the Kids Home initiative providing assistance to school districts programming for students returning from out of state placement, the Positive Behavioral Intervention Supports Initiative designed to cultivate positive and safe school environments, and the Alaska Autism Resource Center. SESA is unique in its ability to grow local capacity, particularly in rural environments, through specialized training and support offered on site to school district personnel, parents, and community members. A prime example of this is SESA's current initiative to work with four different states in a combined Office of

Special Education Initiative to train teachers in Alaska, with paid tuition stipends, to earn a masters degree in the field of severe disabilities.

9. How many students by what type of disability by school district? Can a matrix be provided without violating confidentiality? (Representative Fairclough)

Please note: The Matrix represents LID services only. Many districts also receive services through SESA's grant programs. For example, Anchorage, Mat-Su, and Haines, amongst others, received services for deaf-blind children through SESA's deaf-blind grant which is subsidized by in-kind and other services from the LID program.

<b>School District</b>	<b>AI</b>	<b>ED</b>	<b>HI</b>	<b>MD</b>	<b>VI</b>	<b>Total</b>
<b>Alaska Gateway Schools</b>						
<b>Aleutian Region Schools</b>	3	1				4
<b>Aleutians East Borough Schools</b>						
<b>Anchorage Schools</b>						
<b>Annette Island Schools</b>		1	2			3
<b>Bering Strait Schools</b>	4	5	1	5		15
<b>Bristol Bay Borough Schools</b>				4		4
<b>Chatham Schools</b>	1					1
<b>Chugach Schools</b>						
<b>Copper River Schools</b>	4	1		1	1	7
<b>Cordova City Schools</b>	2			4	1	7
<b>Craig City Schools</b>	3			1		4
<b>Delta-Greely Schools</b>	6		1	1		8
<b>Denali Borough Schools</b>	1	4				5
<b>Dillingham City Schools</b>		2	2	4	1	9
<b>Fairbanks North Star Borough Sch.</b>						
<b>Galena City Schools</b>						
<b>Haines Borough Schools</b>		1		1	1	3
<b>Hoonah City Schools</b>	3	2		2		7
<b>Hydaburg City Schools</b>					1	1
<b>Iditarod Area Schools</b>						
<b>Juneau Borough Schools</b>						
<b>Kake City Schools</b>				1		1
<b>Kashunamiut Schools</b>		1		3		4
<b>Kenai Peninsula Borough Schools</b>	2			2		4
<b>Ketchikan Gateway Borough Sch.</b>	5		3	3	1	12
<b>Klawock City Schools</b>	1			2	1	4
<b>Kodiak Island Borough Schools</b>			3	2		5

<b>Kuspuk Schools</b>		2	1			3
<b>Lake and Peninsula Borough Sch.</b>	2					2
<b>Lower Kuskokwim Schools</b>	2	4	3	7	4	20
<b>Lower Yukon Schools</b>			1	2	2	5
<b>Mat-Su Borough Schools</b>						
<b>Mount Edgecumbe</b>						
<b>Nenana City Schools</b>						
<b>Nome Public Schools</b>	2			2		4
<b>North Slope Borough Schools</b>	2		1	4	1	8
<b>Northwest Arctic Borough Sch.</b>	3	1	3	4	1	12
<b>Pelican City Schools</b>						
<b>Petersburg City Schools</b>	5	1				6
<b>Pribilof Schools</b>						
<b>Saint Mary's Schools</b>						
<b>Sitka Borough Schools</b>		6	2			8
<b>Skagway Schools</b>		1				1
<b>Southeast Island Schools</b>	2					2
<b>Southwest Region Schools</b>				1	1	2
<b>Tanana Schools</b>		2				2
<b>Unalaska City Schools</b>	1			1		2
<b>Valdez City Schools</b>	5			2		7
<b>Wrangell City Schools</b>	3	2				5
<b>Yakutat City Schools</b>						
<b>Yukon Flats Schools</b>	4			2		6
<b>Yukon-Koyukuk Schools</b>					1	1
<b>Yupiiit Schools</b>		1		2		3
<b>TOTAL</b>	<b>66</b>	<b>38</b>	<b>23</b>	<b>63</b>	<b>17</b>	<b>207</b>

**HB 198**  
**Special Education Service Agency**

- Currently, there is no relationship between school district funding and funding for the Special Education Service Agency (SESA).
- School districts currently receive \$5,680 per child (Base Student Allocation) based on the Average Daily Membership (ADM) during the October count period adjusted for school size; the BSA has increased steadily over the past decade from \$4,010 in fiscal year 2002 to \$5,680 in fiscal year 2011.
- Special needs funding for special education (except intensive special education), gifted/talented education and bilingual/bicultural education is block funded; each district's previously adjusted ADM is then multiplied by the special needs factor of 1.20.
- Funding for students with intensive needs is multiplied by 13.
  - In September 2011, the number of students with intensive needs ranges from 0 in the Chugach, Galena, Pelican, Pribilof, Skagway, Yakutat school districts and Mt. Edgecumbe to 741 in Anchorage. In September 2011, a total of 2,027 students or 1.7% of all students were eligible for intensive needs funding; of these 2,027, 1,662 or 81.2% were students in the Anchorage, Fairbanks, Juneau, Kenai and Mat-Su school districts, which do not typically refer students to SESA because they have low incidence specialists on staff.
- Intensive needs funding is only available to students who meet **ALL** of the following criteria outlined in Part IX, Section 1 in EED's *Special Education Handbook*:
  - Direct daily instruction by a certified special education teacher.
  - Provision of multiple services including related services. (*This means that in addition to special education and special transportation, the child must also be receiving at least one related service involving instruction. (i.e. speech and language services, audiology services, psychological services, physical therapy, occupational therapy, recreation, therapeutic recreation, early identification and assessment of disabilities in children, counseling services, rehabilitation counseling, orientation and mobility services, medical services for diagnostic or evaluation purposes, school health services and social work services in schools).*)
  - All services not provided by a certified special education teacher are supervised by at least one certified special education teacher or related service provider.
  - Continuous special education programming (this means that the child needs specially designed instruction for the entire school day).
  - Assistance and training in two or more basic self-help, daily living or adaptive skills, appropriate to the age of the child.
  - That individual care will be provided to the student for the student's entire school day by staff who are trained to meet the student's individual needs.

- When the student needs transportation, (the student will receive special transportation), except that this transportation requirement does not apply in the case of a student who has received special transportation for at least a year and no longer needs it.
- **Note:** a district may seek a waiver, for one year, from one or more of these requirements if the district needs additional funding for a child whose Individualized Education Plan Team determines the child's educational program includes high-cost services that do not meet the intensive funding criteria.
- School districts use intensive needs funding to cover the costs of all the required services.
- **SESA assists school districts in serving children with low-incidence, severe disabilities, which include autism, deafness, deaf-blindness, hard of hearing, multiple disabilities, severe intellectual disability, orthopedic impairment, other health impairment, emotional disturbance, traumatic brain injury and visual impairments.**
- **Note: A student may have a low incidence, severe disability but not be eligible for intensive needs funding because they do not meet ALL or any of the intensive needs funding criteria. For example, SESA served students in Skagway and Yakutat but neither district received intensive needs funding.**
- SESA's core service is funded by statute through the Low Incidence Disability (LID) Outreach Program, which employs special education teachers with advanced training and specialized disability experience.
- SESA specialists provide technical assistance to help local school district personnel and parents develop and implement an effective education program based on student needs and may be student-specific, school-wide or district-wide, depending on the number of eligible children and SESA resources. Technical assistance may be provided through on-site visits, in-service training, topical workshops and information dissemination (newsletter, Internet, Listserv, library materials).
- Topics commonly addressed by LID specialists include educational planning and placement, instructional methods and materials, behavior programs, assistive technology, transition planning, and evaluating the effectiveness of instruction. All consultations are customized to the needs of the eligible student(s) and district staff.
- SESA currently employs 11.42 FTE staff who specialize in the following low-incidence disabilities: Autism (3); Multiple Disabilities (3); Emotionally Disturbed (2); Visually Impaired (2) and Hearing Impaired (1.42)
- **In addition to the student having a low incidence disability, Part IX, Section 5 of EED's *Special Education Handbook* makes it clear to the school district that enrollment of children with similar needs must be too low to warrant a district-employed specialist: "The Alaska Legislature and EED expects districts to employ their own disability specialists when enrollments exceed the intent of the Legislature in creating SESA and the Low Incidence Disability Outreach Program."**

- **The manual goes on to say: “Districts should understand that assistance provided through SESA’s Low Incidence Disability Outreach Program is supplemental to the District’s programming. State and federal requirements in the identification, evaluation, planning and education for children served through the Low Incidence Outreach program remain the responsibility of the District.”**
- SESA specialists review completed referrals from the district to determine the service needs and priorities of the student and the student’s school staff. Referrals are assigned to specialists as allowed by existing SESA caseloads and staffing; the assigned specialist travels to the school district to help general and special education staff develop and implement evidence-based practices in the school, home and community. If no specialist is available, the student may be placed on a wait list; the school district is then contacted to determine if interim alternative services might be available.
- As determined in 1998, SESA receives \$15.75 x the average daily membership of students to provide the specialized services described above; unlike school districts, SESA’s funding was NOT increased when the Base Student Allocation was increased.
- The majority of special education teachers in Alaska were trained as generalists. As such, they have the ability to use a variety of assessments to identify specific areas of student strengths and weaknesses and use the results to guide instruction; and individualize instruction to meet the specific needs of students with disabilities for the majority of special education students who are students with learning disabilities or speech impairments, not students with low incidence disabilities. Only a small minority has the advanced training and specialized disability experience with low incidence disabilities that SESA staff has.
- The *Alaska Statewide Mentor Project* provides intensive, individual support to first and second year special education teachers in participating districts with the goals of improving teacher retention and student achievement through developing instructional effectiveness. However, not all school districts participate and the focus is on the teacher and not students with low incidence disabilities unlike the very specific, student-focused technical assistance that SESA provides.

ALASKA STATE LEGISLATURE  
REPRESENTATIVE ALAN DICK

HOUSE DISTRICT 6

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Alatna  
Allakaket  
Alcan  
Aniak  
Anvik  
Arctic Village  
Beaver  
Beluga  
Bertles  
Birch Creek  
Boundary  
Central  
Chalkyitsik  
Chandalar  
Chandalar Lake  
Chicken  
Chistochina  
Chitina  
Chuathbaluk  
Circle  
Coldfoot Camp  
Copper Center  
Crooked Creek  
Deltana  
Dot Lake  
Dry Creek  
Eagle  
Eagle Village  
Evansville  
Flat  
Fort Greely  
Fort Yukon  
Fortuna Ledge  
Gakona  
Galena  
Georgerown  
Grayling  
Gulkana  
Healy Lake  
Holy Cross  
Hughes

SPONSOR STATEMENT

House Bill 198

Special Education Service Agency Funding/Sunset

House Bill 198 removes a sunset requirement and increases state funding to the Special Education Service Agency (SESA), a not-for-profit organization established in statute in 1986. SESA is governed by the Governor's Council on Disabilities and Special Education and its own independent board of directors.

The Special Education Service Agency assists local school districts to provide needed special education services. Sometimes districts cannot fully serve students that have low-incidence disabilities with their existing personnel and resources. SESA has a pool of educators trained to give support to teachers and administrators who work daily with students who are *deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically disabled, health-impaired in other ways, and severely emotionally disturbed . . .* (AS 14.30.630 (b)(1)).

The Special Education Service Agency receives state support based on a funding formula adopted in 1998. Each year the Department of Education and Early Development allocates to SESA not less than \$15.75 times the number of students statewide. Although local school districts have received an increase in state funding since 1998, SESA has not. Under HB 198, the multiplier increases as the base student allocation increases. Currently the computation (four-tenths of one percent of \$5,680) equals \$22.72 which approximates the impact of inflation from 1998 to 2011.

Huslia  
Kaltag  
Kennicott  
Kenny Lake  
Koyukuk  
Lake Minchumina  
Lime Village  
Livengood  
Manley Hot Springs  
Marshall  
McCarthy  
McGrath  
Medfra  
Mentasta Lake  
Minto  
Nabesna  
Nenana  
Nikolai  
Northway  
Nulato  
Ophir  
Rampart  
Red Devil  
Ruby  
Russian Mission  
Shageluk  
Slana  
Sleetmute  
Stevens Village  
Stony River  
Takatna  
Tanacross  
Tanana  
Tazlina  
Telida  
Tedlin  
Tok  
Tonsina  
Tyonek  
Venetie  
Wiseman

**Sponsor Statement for House Bill 198**  
**Special Education Service Agency Funding/Sunset**

The Special Education Service Agency is set to expire on June 30, 2013. During previous performance audits, both the Department of Education and the Legislative Auditor recommended removing SESA from the sunset process. House Bill 198 repeals the sunset requirement and thus allows SESA to plan long-term.

Thank you for your support of this legislation.

**Understanding SESA's Request to the Legislature**  
**For Increased Funding and Elimination of Sunset Clause**

The Special Education Service Agency (SESA) was incorporated as a 501c(3) non-profit agency in 1986. Prior to 1986 the agency existed as ARMSI (Alaska Resources for the Moderately and Severely Impaired). As an instrumentality of the State of Alaska SESA operates under a sunset clause set to expire June 30, 2013.

SESA's mission is to provide consultation and training to support the unique educational needs of individuals and the Alaskan communities that serve them. We accomplish this by hiring highly trained education specialists, with endorsements in specific areas of disability, to provide technical assistance to school staff via onsite visitation and distance delivery. Technical assistance includes, amongst others, in-service training, modeling of instructional strategies, curriculum adaptation and modification, assessments, provision of instructional courses (with and without university credit), paraprofessional training, and collaboration with the Department of Education and Early Development (DEED) and other agencies. Many of our specialists are also actively involved with the Alaska State Special Education Conference (ASSEC), as conference presenters.

SESA's statutory funding, for its low incidence disability educational support programs, is appropriated by the legislature, and routed and monitored through DEED. Our core revenue stream is the low incidence disabilities funding. The program provides outreach services in the areas of hearing impairment, vision impairment, autism, multiple disabilities, and emotional disabilities. We have 10 specialists in this program and caseloads can be as high as 40 students per specialist. In addition, we hold state and federal grants that allow us to house and operate the Alaska Autism Resource Center, Positive Behavioral Intervention Supports Center, the Alaska Deafblind Project, and the Bring the Kids Home Project that provides supports to families and school districts of students returning from out of state psychiatric placements. We also coordinate, through a contract with the state, the hire of a contractor who collects data for specific DEED indicators and develops education modules for the infant learning program (department of health and human services).

Our low incidence program and grants involve us with many aspects of K-12 education and professional development of teachers. Technical assistance and outreach services helps improve outcomes for students with disabilities, provides staff with customized professional development, promotes retention of teachers through provision of much needed trainings, creates networks and communities for teachers in rural environments, and assists districts to stay in compliance and build local capacity in areas of need. In 2010/11 we collaborated with a rural district to write a federal grant that brought teachers and paraprofessionals, from several villages to a single rural site, for paid professional development provided by SESA and a national expert in positive behavioral supports.

Our current core funding, for our low incidence program, is \$2.32 million. If divided by 54 school districts that leaves \$42,963 per district. For a district with 12 schools that potentially allocates \$3,580 per school. Just one FTE teaching position will cost a district at least \$65,000 and most often brings in expertise via **one** area of endorsement in special education or a generic special education degree. Schools are often limited in their resources to hire special education teachers with endorsements in every area of disability experienced by their students. With SESA as a resource schools have at their disposal, via a SESA referral system, technical assistance across the spectrum of special education inclusive of specialists holding endorsements in specific disability categories, a requirement of IDEA (Individuals with Disabilities Act) for oversight of school programs for students with disabilities. SESA is a cost free educational resource to school districts, thereby ensuring equitable access to technical assistance for students with low incidence disabilities. While trends in education drive targeted grant funding, SESA's statutory funding guarantees and promotes, through technical assistance and professional development, access to quality services for individuals with low incidence disabilities.

SESA has been flat funded since 1986. Inflationary adjustments since 1986 have resulted in a 44.16% increase to the base student allocation. SESA is frozen in statute at a rate of \$15.75 cents per average daily membership (ADM) of the previous year. With a 44.16% increase we would currently be generating \$22.71 cents per ADM. Flat funding and a sunset clause, make it difficult for us to recruit specialists and to provide services requested by special education teachers. This also occurs at a time of rising inflationary costs and increasing numbers of students with low incidence disabilities. (See exhibit 1). In addition SESA only provide 70% medical coverage for dependents. For an employee seeking coverage for a spouse and two children this can be as much as a \$600 out of pocket expense. We have lost great candidates due to our inability to provide full medical coverage.

In 1994 we had five multiple disabilities specialists employed at SESA today we have two. In addition, SESA's current salary scale is not competitive with rural or urban schools. This is especially significant in the context of our expectation of constant itinerant travel and a need to inform candidates of possible sunset. Service need is compounded by the fact that there is a national shortage of special education teachers and the numbers of children with low incidence disabilities has increased. In Alaska, the shortage of special education teachers has led to the creation of alternative route programs to encourage individuals with bachelor's degrees, outside the field of education, to become special education teachers. These individuals seek assistance when they are placed in schools, and special education directors call SESA when this happens.

House Bill 198 sponsored by Representative Alan Dick, seeking to amend AK statute (14:30:600) to eliminate SESA's sunset clause and to change the funding formula to 0.40% of base student allocation has passed the house education committee and now needs to pass the senate. We are currently working to identify a sponsor of a companion bill in the Senate. Resolutions to help us in this regard have already been passed by the Nenana School District Board, the North West Arctic Borough School District Board, the Bristol Bay School District Board and the Association of Alaska School Boards. The

North Slope Borough School District has also pledged strong support for the change in statute, as have other districts and individual school board members. In addition, removal from sunset was also recommended by previous legislative audits. The commissioner of education signed the legislative audit report.

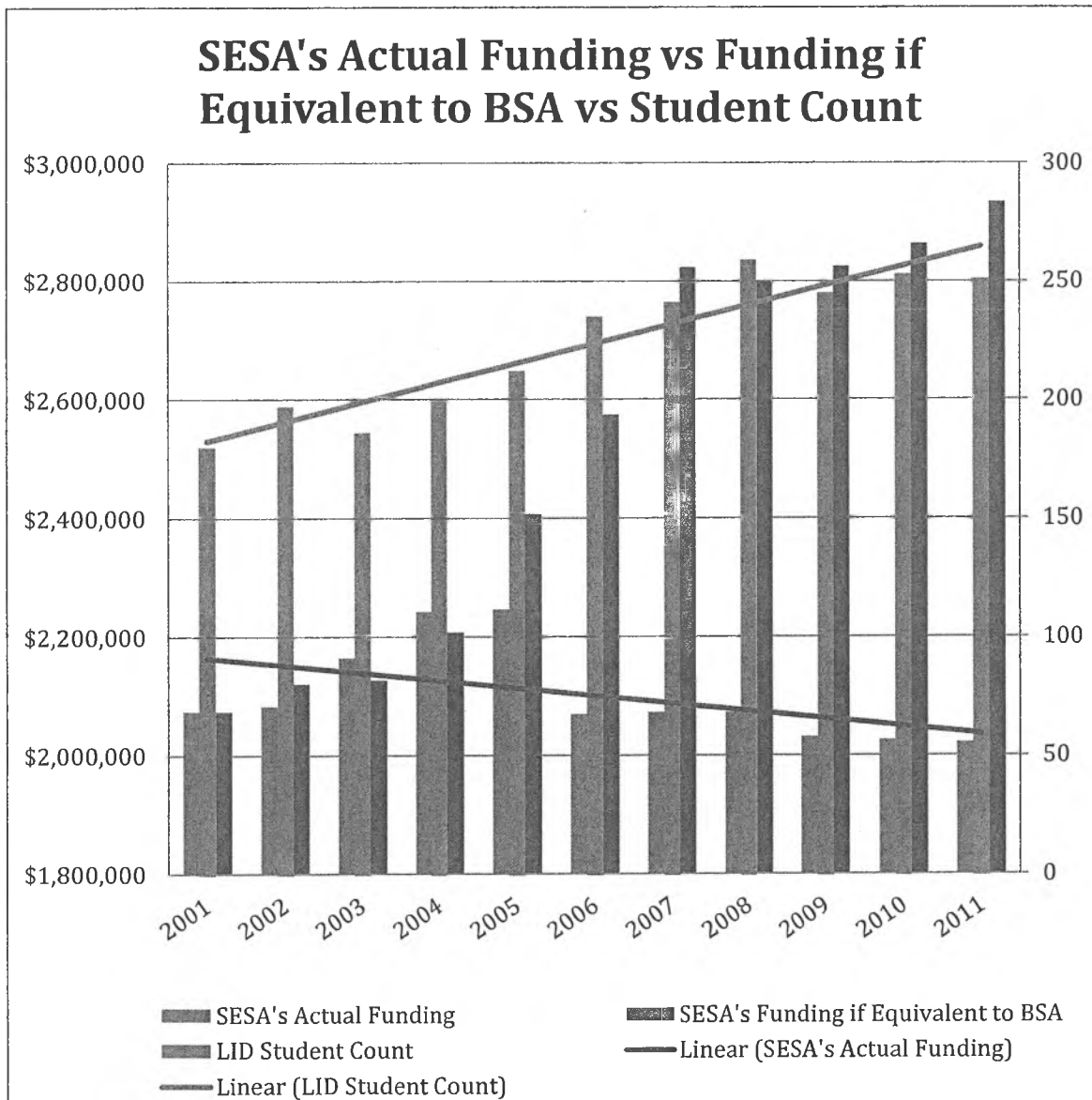
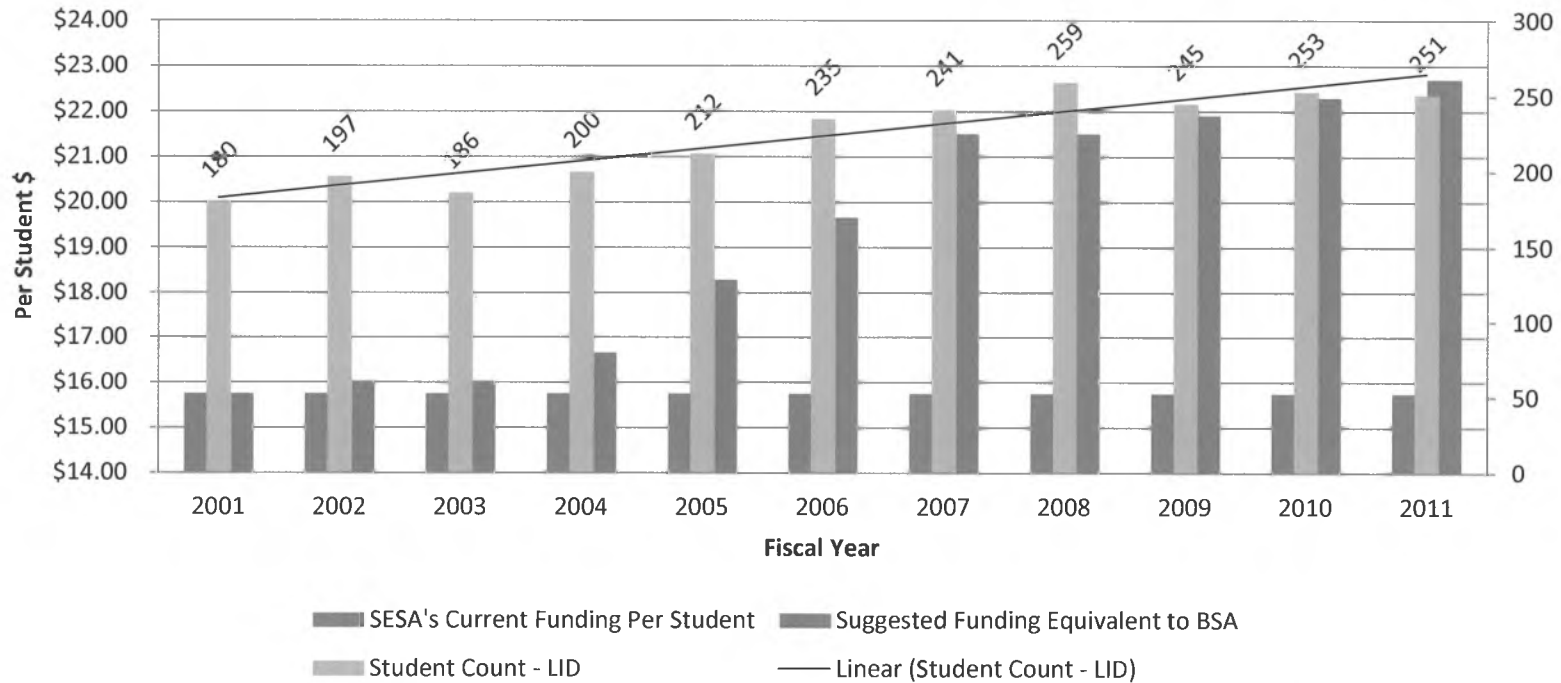


Exhibit 1: SESA's Actual Funding vs. Funding if Equivalent to BSA vs. Student Count

Prepared by: Patrick Pillai (executive director of SESA [ppillai@sesa.org] [907 334-1305]).

## SESA's Current Funding vs. Funding Equivalent to BSA

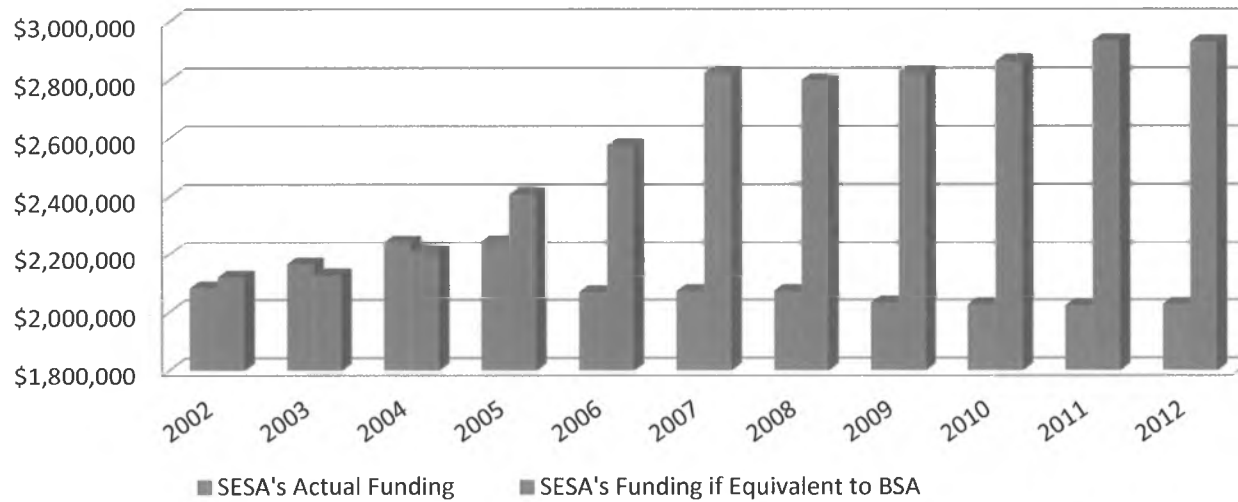
Prepared By: Patrick Pillai, Executive Director/SESA



Because SESA was written into Alaska Statute with a fixed per student allocation, their per student funding has remained flat since the initial calculation in 1999. This chart shows what SESA should have received per student had their funding risen equivalent to the Base Student Allocation increases. It also shows that the number of LID students has risen over the past 10 years.

## SESA's Actual Funding vs. Funding if Equivalent to BSA

Prepared By: Patrick Pallai-Executiv Director/SESA



This chart illustrates the total dollar amount of funding that SESA has received from FY2002 through FY2012 versus the total dollar amount of funding that SESA would have received had their entitlement been based on the previous chart (i.e. rising equivalently with the BSA.).



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## Programs at Special Education Service Agency

FY11

### Low Incidence Disabilities (LID)

#### Autism Impairment (AI)

Our primary purpose is to empower educational teams and provide information and training to professionals and families for development of programs for:

- Functional communication
- Positive behavior support
- Social skills
- Instructional strategies
- Meeting sensory needs
- Curriculum modification
- Accommodations.

We offer presentations and trainings to people who work with students, ages 3-21 years old, on a variety of topics including:

- Autism awareness
- Inclusion of special learners in general education settings
- Prompting strategies
- Positive behavior plans
- Functional behavior assessment

#### Emotional Disturbance (ED)

A student's emotional disturbance can affect areas beyond the emotional, and may also include the student's physical, social, or cognitive skills. ED program services include useful strategies for educators to provide emotional and behavioral support while also helping students with academics, social skills, self-control, and self-esteem. By encouraging positive behavioral support (PBS) in the school environment, problem behaviors are minimized, and positive, appropriate behaviors are fostered. This may include assistance with conducting a functional behavioral assessment (FBA) and the subsequent behavior intervention plan (BIP), which focuses on student strengths and interests. Families of students with ED often need help in understanding their child's disability and how to access mental health services. SESA's ED specialists help to coordinate services between home, school, and community.

#### Hearing Impairment (HI)

The HI program provides support to staff working with students with a moderate to profound hearing loss. Services include:

- Assistance with assessment of language, communication, literacy, and speech development
- Information on sign language, deaf culture, and professional development opportunities for interpreters

### *Hearing Impairment (HI) Continued...*

- Assistance with planning transition to school or post-secondary programs
- Troubleshooting assistive listening devices
- Working closely with parents, teachers, and paraprofessionals to design programs that meet the unique needs of children with hearing loss

### **Multiple Disabilities (MD)**

School teams in rural and remote Alaska are eligible to receive services to help them educate students with significant cognitive impairments, physical disabilities, and multiple disabilities. Students with other health impairments, traumatic brain injury, and pre-school developmental delay are also often assigned to the multiple disabilities program. Education specialists from the multiple disabilities program work with school-based teams and other itinerant professionals to help design and support educational programs that are age appropriate and meaningful for the student. We help teachers provide access to the general education curriculum, while focusing on academic and other essential skill development through specialized materials and strategies.

### **Vision Impairment (AI)**

The SESA vision impairment program provides supports in any of the following areas of need:

- Functional vision evaluation
- Development and implementation of IEP/instructional programs
- Sharing and modeling of intervention strategies
- Specialized teaching strategies and skills
- Assistance in procuring or adapting instructional materials or equipment
- Orientation and mobility training

## **SESA Tech and Library**

### **Tech**

SESA maintains a full website with information and links to a wide variety of information and knowledge about low incidence disabilities. It includes staff-written blogs, presentations, and educational modules. In addition, SESA uses two-way videoconferencing to provide consultation and support to rural districts with similar technologies. The agency has an extensive infrastructure of these and other distance and educational technologies to help rural and remote districts provide quality educational programs to their students with significant disabilities.

### **Library**

SESA's extensive library is available to educators, families, university students, and other service providers throughout Alaska. The library was established to support SESA's staff and the school districts they serve, and many outside patrons also take advantage of this resource. Assistive technology devices may be borrowed to try or to use while the student's own device is being repaired.

## State Grants

### **Alaska Autism Resource Center (AARC)**

AARC provides statewide information dissemination, presentations, and trainings. In collaboration with families, schools, and communities throughout the state, the AARC helps to increase the knowledge and resources of appropriate services for individuals of all ages with autism spectrum disorders.

### **Alaska Center for Accessible Media (AKCAM)**

The Alaska Center for Accessible Media (AKCAM) was created with startup funding from the Alaska Department of Education and Early Development (DEED) to be a one-stop shop for school districts who need to provide accessible instructional materials (AIM) to students with print disabilities. AKCAM is a state Authorized user and Accessible Media Producer for the national system for AIM. In addition, AKCAM can help districts find electronic text across a variety of online and local providers, while being able to convert and produce electronic text materials in a variety of electronic formats, like Daisy-compliant talking books, accessible PDFs, Braille and refreshable Braille files, and audio files. Services are at cost for time and materials, and are available to school districts across the state of Alaska.

### **Bring the Kids Home Educational Transition Support Project (BTKH)**

The BTKH Project was developed to establish a non-direct service program to support youth returning to Alaska schools from residential psychiatric treatment centers (RPTC). SESA will establish communications with the RPTCs and assist with advance notice of student return, transition of necessary paperwork, and follow up of recommended services.

### **Positive Behavior Intervention Supports Center of Alaska (PBIS Center)**

The Positive Behavioral Interventions and Supports (PBIS) Center provides technical assistance and coaching to schools. It serves as a clearinghouse and depository for PBIS materials to meet the needs of all Alaskan schools and educators.

## Federal Grants

### **Creating Innovative, Responsive, and Consistent Learning Environments (CIRCLE)**

Project CIRCLE supports Head Start programs across Alaska to increase the use of program-wide positive behavior supports. We look at ways to teach correct behavior and arrange the learning and physical environments to prevent problem behavior and to help children who have difficulty managing their behavior.

### **Alaska Dual Sensory Impairment Services (DSI)**

As the recipient of federal funds under The Individuals with Disabilities Education Act (IDEA), SESA provides technical assistance for children and youth, ages 0 through 21 years who have both vision and hearing impairments. Our purpose is to assist service providers and families in preparing learners with dual sensory impairments for quality lives in their homes, schools, and communities. We provide technical assistance to service providers and families through onsite consultation, in-service trainings, promotion of home-school partnerships, materials and resource dissemination, and access to an extensive lending library. Services are provided at no cost.

SESA Districts Served Last 12 Months

DISTRICT	Student Consultation-Infant Learning Program (ILP)	Student Consultation-Low Incidence Disabilities (LID)	Site Consultation	Training	Interagency Collaboration	Community Relations	AARC Family Support
(ROW(1,2))-0		•					
Aleutian Region		•					
Alutians East		•					
Anchorage	•	•		•	•	•	
Admiral Island		•					
Bristol Bay		•					
BSSD		•	•	•	•		
Chatham		•		•			
Copper River	•	•					
Cordova		•			•	•	
Chugach		•	•				
Delta/Greedy		•				•	
Denali		•					
Dillingham		•	•	•	•		•
Fairbanks	•			•	•	•	•
Galena							
Haines		•					
Hoonah	•	•		•	•	•	
Hydaburg		•					
Iditarod							
Juneau	•			•	•		
Kake							
Kashanamiut		•					
Kenai	•	•	•	•		•	
Ketchikan		•		•		•	•
Klawock		•	•	•			
Kodiak	•	•				•	
Kuspuk		•					
Lake & Penn		•					
LKSD	•			•	•		
Lower Yukon	•	•		•		•	
Mat-Su	•	•	•	•	•		
Mr. Edgemonte							
Nenana	•						
Noome		•					
North Slope		•	•	•		•	
NWASD		•	•	•	•		
Pelican							
Petersburg		•					
Pribilof							
Sigka	•				•	•	
Stagway		•					
Southeast Island		•					
St. Mary's							
SW Region		•			•		
Tanana		•				•	
Unalakleet		•					
Valdez		•					
Wrangell		•					•
Yakutat		•					
Yukon Flats		•					
Yukon/Koyukuk		•	•				
Yup'it	•	•					

Attached are the SESA Audit Summary, first page, table of contents, and last page of the audit report. The 1994 audit is not available online. A copy of the entire 51 page audit is available in the House Finance Committee Room and can be copied by request.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: A Sunset Report on the Department of Education, Special Education Service Agency, November 28, 1994.

### PURPOSE OF THE REPORT

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Special Education Service Agency (SESA) to determine if it should continue in existence. The law currently specifies that SESA will terminate on June 30, 1995, and will have one year from that date to conclude its affairs.

### REPORT CONCLUSIONS

In our opinion, SESA operates in an efficient and effective manner and provides essential services to school districts that would otherwise have great difficulty in assuring an appropriate program for all special education students.

We recommend the legislature consider either extending the period between sunset reviews to ten years or removing SESA from the sunset process. We also recommend that SESA be continued in its present form as a nonprofit corporation and that the legislature address the composition of the board of directors and the applicability of the Administrative Procedures Act to SESA.

### FINDINGS AND RECOMMENDATIONS

1. The legislature should continue to provide SESA's statewide services through the existing structure of a single nonprofit corporation.
2. The legislature should address the composition of SESA's board of directors.
3. The legislature should consider either extending the period between sunset reviews to ten years or removing SESA from the sunset process.
4. The legislature should clarify the applicability of the Administrative Procedures Act to SESA's operations.
5. Any changes in special education funding regulations should be reconciled with SESA's statutory funding formula.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Audit



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November 28, 1994

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 SPECIAL EDUCATION SERVICE AGENCY

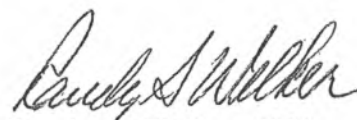
November 28, 1994

Audit Control Number

05-1424-95

The audit reports on whether the Special Education Service Agency (SESA) should continue its existence. Currently, Alaska Statute 44.66.010(a)(14) has SESA scheduled for termination on June 30, 1995. SESA would be allowed one year in which to conclude its affairs. We recommend the legislature consider either extending the period between sunset reviews to ten years or removing SESA from the sunset process. We also recommend that SESA's existence be continued in its present form as a nonprofit corporation and that the legislature address the composition of the board of directors and the applicability of the Administrative Procedures Act to SESA.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented are discussed in the Objectives, Scope, and Methodology section of this report. Audit results may be found in the Report Conclusion, Findings and Recommendations, and Analysis of Public Need sections of this report.

  
Randy S. Welker, CPA  
Legislative Auditor

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Letter, Randy Welker  
February 6, 1995  
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Recommendation No. 4

The legislature should clarify the applicability of the Administrative Procedures Act to SESA's operations.

The Department of Education does not concur with this recommendation. The Administrative Procedures Act (APA) affects state agencies. SESA is a not-for-profit corporation, therefore the APA is not applicable and no legislative action is needed.

Recommendation No. 5

Any changes in special education funding regulations should be reconciled with SESA's statutory funding formula.

The Department of Education concurs with this recommendation.

*Plan for implementation:* Should the special education funding formula be revised through revised regulations, the Department will assure that the level of funding for the agency meets the statutory requirement.

Sincerely,



Jerry Covey  
Commissioner

# Audit Report

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DEPARTMENT OF EDUCATION  
AND EARLY DEVELOPMENT  
SPECIAL EDUCATION SERVICE AGENCY  
SUNSET REVIEW

December 18, 2003

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Audit Control Number:

05-20026-04

Division of Legislative Audit  
P.O. Box 113300, Juneau, Alaska 99811-3300

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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## DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from the Senate and two from the House. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in Juneau, Anchorage, or at our web site <http://www.legaudit.state.ak.us/>

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### **DIVISION OF LEGISLATIVE AUDIT**

**Pat Davidson, CPA**  
**Legislative Auditor**

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# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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January 8, 2004

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), the attached report is submitted for your review.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
SPECIAL EDUCATION SERVICE AGENCY  
SUNSET REVIEW

December 18, 2003

Audit Control Number

05-20026-04

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, under AS 44.66.010(a)(14), the Special Education Service Agency (SESA) is scheduled to terminate on June 30, 2004.

In our opinion, the termination date for this agency should be extended. However, some important redirection of its efforts is needed to ensure its sustainability in the years ahead. We recommend the legislature extend the termination date to June 30, 2008.

The audit was conducted in accordance with generally accepted government auditing 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 section.

Pat Davidson, CPA  
Legislative Auditor

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## OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Special Education Service Agency (SESA) to determine if it should continue in existence.

### Objectives

As required by legislative intent, this report shall be considered during the legislative oversight hearings in determining whether SESA should be reestablished. The law currently specifies that SESA will terminate on June 30, 2004, and will have one year from that date to conclude its affairs.

Our analysis of public need, findings and recommendations, and our conclusions have been summarized in the applicable sections of this report.

### Scope and Methodology

Alaska Statute 44.66.050 requires that the factors outlined in the Analysis of Public Need section of this report be evaluated as part of this audit in order to determine the need for SESA's continued existence. For the purpose of this analysis, we reviewed SESA's structure, management, service delivery, and relations with oversight entities. Fieldwork included reviewing transactions and records and making inquiries related to the period since our prior sunset review. More specifically, our fieldwork included the following:

- Review of applicable statutes, bills, and legislative committee minutes.
- Review of board bylaws and minutes.
- Review of written policies and procedures.
- Review of selected financial and program records.
- Interviews of SESA personnel and board members.
- Interviews of the executive director of Governor's Council for Disabilities and Special Education, the executive director of Mental Health Trust Authority, and the special education administrator at the Department of Education and Early Development.
- Interviews of representatives of the American Federation of Teachers and review of the current collective bargaining agreement.
- Interviews of 52 school district special education directors.

- Review of letters of support from school districts.
- Review of SESA's public information materials.
- Attendance at a SESA board meeting.
- Interviews or correspondence with the following: state ombudsman, Professional Teaching Practices Commission, Alaska Human Rights Commission, U.S. Equal Employment Opportunity Commission, Disability Law Center, Department of Law ethics attorney, Department of Administration, Department of Health and Social Services, and Department of Labor and Workforce Development.

## 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.<sup>1</sup>

Per SESA's bylaws, not less than five nor more than seven council members are members of SESA's board. This gives the council a voting majority on SESA's board. Representation on SESA's board of directors also includes the Alaska Council of Administrators of Special Education, the National Education Association of Alaska, the Alaska Association of School Administrators, and the special education administrator of the Department of Education and Early Development (DEED).

Under SESA's enabling statutes, the agency submits its operational plan and budget to DEED.<sup>2</sup> SESA has an FY 04 budget of \$2.8 million. Though SESA receives a few specialized program grants, the agency's funding is predominantly derived from a single source, that is, state education funds that DEED annually allocates under the statutory foundation formula<sup>3</sup> (see Appendix C). Though SESA has a dual legal status as a government agency and a not-for-profit organization, private donations are seldom received and immaterial in amount.

SESA currently has 26 employees, including an executive director, a finance officer, program administrators, 15 teachers, a librarian, and 7 administrative support staff. Though SESA employees are not under the executive branch's classified personnel system, they are statutorily under PERS or TRS for retirement purposes.<sup>4</sup>

Alaska Statute 14.30.630(b)(1) states that SESA shall provide the following special education services:

*(A) itinerant outreach services to deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically handicapped, other health-impaired, severely emotionally disturbed, and multi-handicapped students;*

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

*(C) other services appropriate to special education needs;*

---

<sup>1</sup> AS 14.30.610 and AS 47.80.090(12).

<sup>2</sup> AS 14.30.630(b).

<sup>3</sup> AS 14.30.650.

<sup>4</sup> AS 14.30.620.

Per AS 14.30.640, the eligibility of school districts for SESA services is as follows:

*The services of the agency shall be available to school districts that serve children whose special education needs occur infrequently, who require specialized services not normally available in the school district, and who cannot be easily served by local school district personnel because of the low number of students in the district in need of the particular service.*<sup>5</sup>

SESA currently provides its services through the following programs:

*Low Incidence Disability Outreach Services* – SESA aids rural school districts in providing special education technical assistance through itinerant specialists. SESA's primary target group is students, ages three through 21, with low incidence disabilities. SESA's low incidence disability outreach services are classified into the following categories: assistive technology, autism, emotional disturbance, hearing impairment, multiple disabilities, and vision impairment.

*Alaska Dual Sensory Impairment Services* – This program provides parents and professionals with consultation/training concerning children and youth up to 21 years old who have both vision and hearing impairments.

*Visual Impairment Services for Infants and Toddlers* – This is a statewide, family-focused early intervention outreach program for children up to three years old who have visual impairments.

*Consultation and Education for Early Hearing Impairment* – This is a statewide program that provides service to Infant Learning Program providers, caregivers, and families who have children up to three years old who have hearing loss.

*Alaska Autism Resource Center* – This program provides information, referrals, training, and consultation to families, caregivers, and providers who have individuals with Autism Spectrum Disorders.

*SESA Library* – The library provides SESA specialists with information and equipment to assist in their work. The library also serves parents, teachers, and other concerned individuals with information and materials that will assist them in working with children with special needs.

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<sup>5</sup> AS 14.30.640.

## REPORT CONCLUSIONS

Alaska Statute 44.66.010(a)(14) requires that the Special Education Service Agency (SESA) be terminated on June 30, 2004 with AS 44.66.010(b) providing for a one-year wrap up period. If no action is taken by the legislature, the agency will be dissolved as of June 30, 2005.

We find that SESA has delivered a sufficient quantity and quality of service to justify the agency's continuation in the public interest. We further support SESA's continuation in its present form as a nonprofit corporation for the immediate future.

However, we also believe that much has changed in SESA's operating environment since our last review almost a decade ago. This is a turning point for SESA, and some important redirection of its efforts is needed to ensure its sustainability in the years ahead.

At this point, SESA's existing structure appears to be the most capable means for implementing the redirection detailed in our Findings and Recommendations section. We recommend that AS 44.66.010(a)(14) be amended to extend SESA's termination date to June 30, 2008.

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## FINDINGS AND RECOMMENDATIONS

In our prior review, we noted the need for the enabling statute to reflect any changes in the funding formula used by the Department of Education and Early Development (DEED). In 1998, the statutory funding formula for the Special Education Service Agency (SESA) was modified as part of legislation that overhauled the state's support for public schools.

### Recommendation No. 1

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

Over SESA's 17-year lifespan, this small agency's core service has been delivered using a traditional itinerant teacher model. Fifteen teachers in travel status are dispatched from Anchorage and ride a circuit of remote bush villages. Despite a rigorous schedule,<sup>6</sup> personal visits by SESA teachers are few and far between, ranging from quarterly to annually for any individual student in the caseload. Sometimes a personal visit is simply not possible due to limited resources.

However, this model is increasingly harder to sustain. Most importantly, it underserves the state's school districts and underutilizes SESA talents in the development of local capabilities. SESA needs to transition to videoconferenced technology as the primary mechanism for delivering its core service. Physical travel to districts should be the exception rather than the routine.<sup>7</sup>

SESA has already completed the necessary infrastructure for real-time, two-way, satellite videoconferencing between its Anchorage office and many communities in the state. The contractor-utility reports that at least 89 schools are immediately ready for videoconferences.

This is sophisticated equipment with the quality needed for serious telemedicine applications. While SESA intended this system simply for follow-up to on-site visits it offers a more far-reaching potential for the effectiveness of SESA.

While school districts overwhelmingly desire more frequent visits by SESA, the agency is at a turning point in its ability to service further demand. Though SESA serves 200 to 300 persons a year, its director has stated that *"we are unable to serve many referrals which should be served, and we feel we are not providing an adequate level of service (primarily in*

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<sup>6</sup> SESA asserts that travel expectations for its teachers "are generally in the 50% range" and that "[m]ost specialists alternate travel weeks with non-travel weeks."

<sup>7</sup> Though SESA's statute refers in AS 14.30.630(b) to "itinerant outreach services," we do not interpret that as a mandate that any particular child must be physically visited by a SESA teacher at any particular frequency. The need for the specialist to physically visit a particular child, rather than perform the outreach consultation via videoconferencing, should be left to SESA's professional judgment. SESA's enabling statute should be interpreted under current professional norms for itinerant assistance in an age of satellites, telemedicine, and distance education.

*frequency and duration of site time) to many programs we are supporting.*"<sup>8</sup> However, he believes that videoconferencing has the potential to improve this continuing condition.

Also, the assumption that SESA's most experienced specialists must either keep traveling or retire seems short-sighted when the national recruiting competition is more acute than ever.<sup>9</sup>

However, we recognize that there will always be individual circumstances in which the most sophisticated videoconferencing system simply cannot substitute for an on-site visit. It must be remembered, though, that the role of the SESA teacher is consultation for the local teachers of disabled students, rather than direct service to the students themselves.<sup>10</sup> SESA does not provide such consultations until after a district's own personnel have identified the existence of a disability and developed a plan for the student's schooling.

Although there can be significant bush travel delays, the logistics of a single on-site visit<sup>11</sup> typically involve three to four days of a SESA teacher's time and estimated travel expenses of \$1,000 to \$2,000.<sup>12</sup> On the other hand, SESA's entire utility bill for unlimited statewide videoconferencing is only approximately \$1,100 a month.

The SESA teacher should be able to do a significant number of videoconferenced consultations in the days that would otherwise be consumed by the logistics of a single site visit. The benefited school may be able to expect a meaningful monthly videoconference regarding a severely-disabled student rather than just an annual site visit.

In fact, SESA recognizes that videoconferencing may actually have some therapeutic advantages over on-site visits. Important diagnostic observations of a student's performance are not skewed by the direct physical presence of an unfamiliar person. Parents and school personnel also make a more disciplined and focused use of SESA's time when faced with a videoconferencing slot for consultation.

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<sup>8</sup> SESA newsletter fall 1997 (FY 98).

<sup>9</sup> Minutes from SESA's June 2003 board meeting state:

*The executive director and program administrator conducted a number of recruiting activities in FY 03 to no avail. SESA is not alone — our situation is looking for a sliver of a slice of specialists in low incidence disabilities nationwide who have the professional interest and personal freedom to take on a traveling position. The travel requirement of the position is probably the first thing that moves people away from interest . . .*

<sup>10</sup> SESA's spring 2002 newsletter states that its consultations are intended to produce "*micro-environments of local competence around local kids*" and that "*when school personnel know what to do and how to do it, all kids win.*"

<sup>11</sup> While a single trip will, when possible, serve multiple students, this may not be possible due to the very nature of serving a population of "low incidence" beneficiaries.

<sup>12</sup> This is largely for airfare. While SESA's itinerant teachers get per diem payments for meals and incidentals, accommodations range from a bed in school district housing to a sleeping bag on a classroom floor.

## Recommendation No. 2

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

The desire of district teachers for more regularized training by SESA repeatedly surfaced in our interviews of the state's school districts. While SESA has always tried to accommodate districts,<sup>13</sup> its capacity has been constrained by travel logistics and teacher schedules. The result is that structured classes by SESA's experts are infrequent and sporadic for most teachers and teacher aides.

However, the University of Alaska and various federal agencies are now actively promoting "distance education" in health-related fields. We recommend that SESA take the lead in organizing a training consortium of related agencies<sup>14</sup> that can together use the videoconferencing network and their shared facilities to offer regular classes<sup>15</sup> in various formats (see Exhibit 1).

This consortium should promote long-term capabilities and employment opportunities in rural school districts, particularly in the availability of certified teacher aides<sup>16</sup> that may develop the most continuous contact with disabled students.<sup>17</sup> Funding sources that

### EXHIBIT 1

#### POTENTIAL CONSORTIUM TRAINING TO ENHANCE LOCAL SPECIAL EDUCATION CAPABILITIES

- Summer in-residence training academy courses to maintain teacher certification (college credit).
- Weekly one-hour statewide videoconferenced "broadcast" of SESA's "tip of the week" (potential college credit if accumulated).
- Regional videoconferenced in-service trainings.
- Semester-long videoconferenced classes to upgrade skills of existing teachers (college credit).
- Semester-long videoconferenced classes for training and certification of district paraprofessionals.
- Team-taught postgraduate classes with visiting professors from out-of-state (videoconferenced, sabbatical, or summer).
- Assignment of student teachers to SESA for experience in videoconferenced consultations.

<sup>13</sup> One example would be the regional in-service training that six SESA teachers offered at Bethel. Staff from five rural school districts attended. In the past two years, SESA has conducted approximately 40 in-service trainings for school districts around the state.

<sup>14</sup> Examples of potential consortium members would be the university's special education departments, the Alaska Staff Development Network, the cooperative extension service, the Alaska Mental Health Trust Authority, the university's academic technology (distance education) unit, and the Anchorage School District. The latter school district serves almost half of the state's special education students.

<sup>15</sup> We recognize that academic credit is an important component of teacher certification and career paths.

<sup>16</sup> DEED is exploring practical approaches to the requirements imposed on states by the federal "No Child Left Behind" legislation. For instance, new hires for a teacher aide position are expected to have two years of college or some type of certification that is left to states to develop. This can be a challenge in remote parts of Alaska.

<sup>17</sup> Minutes from SESA's Oct. 2000 board meeting state:

*Board discussion noted that students with low incidence disabilities are spending a vast majority of their school day with paraprofessionals. From SESA's perspective, aides are implementing program directives and modifications.*

emphasize rural capacity, training, and sustainability may be particularly supportive of such a consortium.

Though there has been some recent progress,<sup>18</sup> SESA has in the past been hesitant to engage in coordinated planning with other agencies.<sup>19</sup> One benefit of a consortium should be a more integrated cooperation among SESA, clinics, schools, the university, cooperative extension,<sup>20</sup> the Mental Health Trust Authority, the Alaska Staff Development Network, and other entities together in serving village health needs as a continuous system rather than as fragmented providers.

Also, the traditional assumption has been that SESA's well-respected specialists must be recruited from out-of-state. Given SESA's perpetual difficulty with such recruitment, the consortium should explore the potential for long-term enhancement of our existing in-state programs for graduate study in special education. Distance education partnerships with noted Lower 48 colleges may assist the University of Alaska in meeting this need. Assignment of student-teachers and graduate interns to SESA may be yet another possible way to encourage Alaska residents to consider careers in SESA's challenging work. SESA may also be able to recruit visiting faculty from Lower 48 schools to offer advanced courses through the consortium during the summer or while on sabbatical.

There are numerous possibilities that energetic in-state leadership in health and education can pursue for such a consortium. We believe that SESA is an excellent candidate to be the primary facilitator of such an innovative network.<sup>21</sup>

### Recommendation No. 3

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

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<sup>18</sup> One noteworthy effort is SESA's facilitation of the Alaska Autism Research Center, starting in May 2003. Another positive step is participation by SESA's executive director on a university advisory board discussing distance delivery of speech pathology classes.

<sup>19</sup> Minutes from SESA's September 2001 board meeting state:

*Board consensus was to not enter into a formal planning process with external representatives and constituent input because there are too many external unknowns — political, economic, and interagency to make a formalized, externally oriented planning process an effective and prudent exercise.*

<sup>20</sup> The cooperative extension service is a federally-funded liaison between the U.S. Department of Agriculture (USDA) and state agencies. In the Lower 48, USDA has advanced beyond traditional farming concerns into programs for rural "at risk" children, telemedicine, and distance education.

<sup>21</sup> No statutory changes are needed for such a consortium. SESA's responsibilities under AS 14.30.630(b) include "special education instructional support and training of local school district special education personnel" and "other services appropriate to special education needs." Under AS 14.30.630(a), SESA is empowered to "contract with the department [DEED] and other public or private agencies for the provision of special education or related services" and "do whatever is necessary to carry out the purposes of AS 14.30.600 - 14.30.660."

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 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 (FCC).

Many of Alaska's rural schools have been found eligible for the program. Since the discount began in 1998, Alaska schools and libraries have received subsidies totaling approximately \$62 million.

SESA has so far not submitted an application for this subsidy. Given the extensive services provided by SESA to rural districts (see Appendix A), we believe that it may be eligible for a potential statewide subsidy of \$15,000 to \$25,000 using a rate computed on some type of composite basis. SESA is a unique form of support for schools in a unique setting and a meaningful adaptation of the FCC criteria can hopefully be negotiated.

As discussed in Recommendation No. 1, satellite videoconferencing has an important role in SESA's future sustainability. The potential for a discount of up to 90 percent of the cost is significant and needs to be aggressively pursued by SESA's management. Until SESA formally pursues an application and, if necessary, obtains an FCC interpretation, we do not know if any change in SESA's enabling statute is necessary to qualify under the technicalities of the federal criteria.

#### 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 heavily derived from a single source, that is, state education funds calculated by the formula in SESA's statute. Such heavy reliance on this traditional source constrains the available services and, given the state's fiscal situation, leaves SESA in an uncertain, vulnerable position in the years ahead.

The current arrangement presumes that the legislature will continue to fully fund SESA, a nonprofit organization, to provide all of these services. It may be entirely possible, though, to strengthen SESA's long-term sustainability through more diversified funding sources. SESA's management should immediately begin exploring potential supplementary funding from other sources, such as the ones we list on the next page in Exhibit 2.

Such potential sources obviously vary in their expectations. Some may be interested in enhancing direct services to particular clientele, while others only initiate innovations that the applicant must itself sustain in the long term. A training consortium is an example of the latter that some of these funding sources may find quite attractive.

If SESA's leadership needs assistance in this important aspect of strategic management, it may need to contract for it. Other possibilities include various university services<sup>22</sup> as well as loaned executives from the private sector.<sup>23</sup>

We encourage SESA to explore diversified funding. While the school districts are pleased with the quality of SESA services, both the districts and SESA indicate that more services are needed.

Management believes diversified funding would dilute its existing services. In contrast, we believe that diverse funding would enhance the availability and sustainability of SESA's existing services rather than dilute them.

#### Recommendation No. 5

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

For most government agencies, their internal library is simply an incidental part of their operations. However, for SESA, the in-house library is both an important asset 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.

With 4,400 books and 2,400 additional items about special education, we are convinced that SESA's library is indeed the state's premier collection on the subject. Current subscriptions to 55 professional periodicals are a bit short of the 100 advertised in SESA materials, but still a very substantial offering.

<sup>22</sup> Assistance in exploring funding alternatives may be available from the following: University of Alaska Corporate Programs, UAA Small Business Development Center, UAA Resource Solutions, UAA College of Business and Public Policy, and Alaska Cooperative Extension.

<sup>23</sup> While SESA is by statute a public corporation, we note that it also has the status of a charitable organization under Internal Revenue Code § 501(c)(3). We note that corporations sometimes loan executives to charitable organizations for particular projects. Also, the U.S. Small Business Administration has its Service Corps of Retired Executives.

<b>EXHIBIT 2</b>
<b>POTENTIAL FUNDING SOURCES</b>
● Denali Commission - projects in support of rural schools and employment
● Alaska Mental Health Trust Authority - developmental disabilities funding under AS 47.30.056(e)
● Department of Defense - severe disabilities impact aid under 20 USC § 7703a
● Cooperative Extension Service children - youth, and families at risk program
● U.S. Department of Agriculture - distance education and telemedicine grants
● Regulatory Commission of Alaska - rural internet access grants
● University of Alaska distance education
● Native corporations
● Corporate donors

SESA's devotion to this library is reflected in its employment of a seasoned librarian with a graduate degree in library science.

In our interviews of the state's school districts, special education personnel praised the quality and availability of SESA's library in helping them serve their students. Further, SESA asserts that its librarian and collection are also available to serve the general public for reference questions and in-state lending.

We thus encourage SESA's librarian to take several actions to advance public awareness of this valuable resource: (1) continue to informally network with other reference librarians in the state; (2) list SESA's collection in the electronic catalogs for the university and the Alaska State Library; (3) list SESA's collection in the national WorldCat database.<sup>24</sup>

To assist in planning the library's needs, we also recommend that the librarian statistically track all contacts with the library, whether lending, visit, or phone.

#### Recommendation No. 6

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

Under SESA's enabling statute, the primary oversight mechanisms are DEED and the Governor's Council on Disabilities and Special Education. The Governor's Council has implemented this oversight by appointing a corporate board of directors that governs SESA through votes at board meetings.

Included on this board of directors are the DEED special education administrator, as a voting member, and the executive director of the Governor's Council, as a nonvoting member. They are important representatives of the larger public interest on a ten-member board that currently includes five employees of the school districts that use SESA services.

While user representation is, of course, valuable for such a board, these members understandably have incentives to maximize state-funded services and reduce local responsibilities. However, the balance of a broader perspective is also needed since SESA's automatic statutory funding, in a sense, gives it a monopoly in providing these services.

Unfortunately, both the DEED representative and the executive director of the Governor's Council are too busy to attend SESA board meetings on a regular basis, even with teleconferencing.<sup>25</sup> Although both individuals feel they are well informed about SESA's ongoing activities and respect SESA's management, their absence detracts from state

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<sup>24</sup> Inclusion in WorldCat for reference does not mean that SESA must lend materials out of state.

<sup>25</sup> For instance, DEED's special education administrator has missed at least the last seven board meetings.

oversight over SESA. The two organizations should make it a priority for their designees to conscientiously attend or at least empower a substitute.

#### Recommendation No. 7

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

SESA routinely pays an accounting firm to generate an annual federal tax return with approximately 15 pages of considerable detail. However, we think it is likely that the Internal Revenue Service (IRS), if asked, would confirm that SESA qualifies as a “state institution,” “governmental unit,” or “affiliate of a governmental unit,”<sup>26</sup> and is not required to file these tax returns.<sup>27</sup>

The IRS may also confirm, if asked, that SESA is exempt from certain federal excise taxes.<sup>28</sup> For example, SESA currently pays the federal tax that appears on its telephone bills.

Given SESA’s clear statutory status, clarification of exemption from tax requirements might be easily facilitated through a contact with the Anchorage IRS taxpayer advocate. While SESA will need to ascertain the IRS position on these issues, we note that any unnecessary payments for tax returns and taxes constitute a recurring waste of resources.

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<sup>26</sup> SESA is a statutorily-created “public organization,” directly funded by the state, and governed by the Governor’s Council on Disabilities and Special Education. See AS 14.30.600, 14.30.610, 14.30.650, 47.80.090(12). SESA’s articles of incorporation indicate the corporate name to be the “Special Education Service Agency, a public agency.”

<sup>27</sup> See 26 CFR § 1.6033-2(g)(1)(v); IRS Revenue Procedure 2003-12 § 2.03; IRS Revenue Procedure 95-48; IRS Revenue Procedure 83-23 § 3.01(7).

<sup>28</sup> See Internal Revenue Code § 4253(i) (state governments and political subdivisions exempt from federal excise tax on phone service); IRS Rev. Rul. 83-140 (exemption from various excise taxes for nonprofit educational organization); Alaska Administrative Manual 35.220 (exemption of state agencies from various federal taxes).

## ANALYSIS OF PUBLIC NEED

The following analysis of agency activities relates to the public need factors defined in the “sunset” law, AS 44.66.050(c). This analysis was not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

### ***The extent to which the board, commission, or program has operated in the public interest.***

Our review of SESA’s program records and interviews of the state’s school districts show a sufficient quantity and quality of service to justify the agency’s continuation in the public interest.

SESA is a small agency that currently employs 15 teachers. It provides school districts with two basic types of service: (1) consultations with local special education teachers and (2) formal in-service training classes for groups of teachers.

As shown in Appendix A, SESA specialists have assisted school districts with approximately 500 different students over the past five years. Those services have been concentrated<sup>29</sup> in the state’s rural school districts that are least able to employ their own specialists. This is consistent with the prioritization reflected in the agency’s statutory mandate in AS 14.30.640:

*The services of the agency shall be available to school districts that serve children whose special education needs occur infrequently, who require specialized services not normally available in the school district, and who cannot be easily served by local school district personnel because of the low number of students in the district in need of the particular service.*

Many of the state’s 54 school districts wrote letters of support for SESA. While SESA has limited personnel that must be rationed among the districts, all interviewed districts, from the smallest to the largest, support SESA’s continuation.

When SESA teachers visit a school, districts are consistently pleased with the quality, competence, and professionalism of the service. However, districts wish SESA teachers had the resources to visit more frequently and serve more students.

When SESA teachers are available to give training classes, districts appreciate the high quality. However, districts wish that SESA had the resources to offer more training to teachers and paraprofessionals.

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<sup>29</sup> However, there are two exceptions to SESA’s overall focus on small rural school districts. All districts, regardless of size, are eligible for SESA services that assist students who are both deaf and blind (dual sensory impairment). Also, children up to three years old are eligible for certain SESA services regardless of location.

Districts of all sizes continue to have problems in recruiting special education teachers due to nationwide shortages. Districts and SESA also assume that teachers with the necessary training and experience in severe disabilities must usually be obtained from out-of-state.

Recommendations Nos. 1 and 2 discuss some in-state opportunities to remedy these various shortages.

***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.***

SESA delivers important, high-quality services to school districts to the extent possible with its funding. Those funds are heavily derived from a single source, that is, state education funds calculated by the formula in SESA's statute. Such heavy reliance on this traditional source constrains the available services and, given the state's fiscal situation, leaves SESA in an uncertain, vulnerable position in the years ahead.

The current arrangement presumes that the legislature will continue to fully fund SESA, a nonprofit organization, to provide all of these services. Recommendation No. 4 discusses how SESA may be able to strengthen its long-term sustainability through more diversified funding sources.

Recommendation Nos. 3 and 7 discuss potential savings connected with particular operating expenses.

In Recommendation No. 6, we discuss an oversight problem concerning SESA's board of directors. Both DEED and the Governor's Council on Disabilities and Special Education have seats on SESA's board, but the designated representatives are too busy to attend the meetings. Those two seats provide important public oversight and balance on a board that is heavily composed of members with incentives to maximize state-funded services and reduce local responsibilities.

***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 initiated any statutory changes since our last review.

In 1999, SESA was included with other educational entities in legislation that allowed additional PERS credit for various nonteacher administrative personnel. In 2002, terminology in SESA's enabling statute was amended to clarify that the agency serves exceptional children with disabilities rather than the gifted.

***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.***

SESA provides limited, but adequate, opportunities for interaction with the general public. Board meetings are open to the public. A variety of relevant user groups are consistently represented on SESA's board.

SESA publishes a twice-yearly newsletter. Five types of articles appear in that publication: (1) new developments in schooling persons with the disabilities served by SESA; (2) upcoming events, such as training opportunities and conferences; (3) available resources for special education; (4) staff changes at SESA; and (5) SESA's accomplishments. The newsletter, is thus a combination of technical advice and public relations. Many of the technical articles are written by SESA's own in-house experts.

Subscriptions to the newsletter are free. Approximately 2,200 copies of the newsletter are mailed out, with 92 percent going to in-state addresses. Though SESA's office is located in Anchorage, we note that over 80 percent of the in-state mailings are to addresses beyond Anchorage. The newsletter offers readers the option of requesting the publication in large print or Braille, but SESA has not received any requests for those alternatives. We suggest that SESA explore potential savings from paperless distribution of this newsletter by email.

A valuable feature on SESA's home page is a complete online catalog of its library that is updated once a month. With 4,400 books and 2,400 additional items about special education, we are convinced that it is indeed the state's premier collection on the subject. In our interviews of the state's school districts, educators praised the quality and availability of SESA's library in helping them serve their students. In Recommendation No. 5, we recommend that SESA continue to enhance the availability of this special collection to the general public.

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

The agency's core service consists of consultations to a specialized audience of special education teachers. SESA's services to school districts and the public at large are discussed above.

***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.***

DEED conducts an oversight review of SESA every five years. The latest review was recently issued and contained no significant departures from expected program practices.<sup>30</sup>

We contacted the various regulators and advocates listed in our Objective, Scope, and Methodology section. None of these entities noted any complaints about SESA services, personnel, or working conditions in the years since our prior sunset review.

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 successfully resolved through discussions and collective bargaining, without resort to arbitration, strikes, or litigation.

SESA has not been a party to any litigation in the years since our prior sunset review. No attorney general opinions have been published concerning SESA.

***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 provides school districts with highly-specialized support services when requested. The agency does not currently license or certify any personnel for occupational entry. However, Recommendation No. 2 describes the potential for an expanded SESA role in meeting the state's need for special education training.

***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.***

We contacted the various regulators and advocates listed in our Objective, Scope, and Methodology section. None of these entities noted any employment-related complaints about SESA.

SESA is a small organization in which management supervises 15 traveling teachers and a seven-member support staff. Management has shown noteworthy initiative in organizing the agency in a form that supports and retains its team of teaching specialists.

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<sup>30</sup> This five-year DEED oversight revenue is limited in its scope and intensity. DEED visits SESA for four to five days and reviews procedure manuals, interviews staff, verifies teacher certifications, and checks the completion of forms in a sample of approximately 20 student files.

SESA teachers are paid up to approximately \$72,000 for a 184-day contract involving extensive bush travel. Their per diem ranges up to approximately \$2,400 a year. As shown in Exhibit 3, the three highest-paid administrators gross from \$90,000 to \$100,000 for contracts that range from 200 days to the full year. The recruiting value of such salary packages, along with the ability to still participate in public retirement plans, is asserted as a primary justification for SESA's structure as a separate government entity rather than a private nonprofit or a division within DEED.

<b>EXHIBIT 3 THREE HIGHEST PAID SESA EXECUTIVES (FY 04)</b>		
<i>Position</i>	<i>Annual days of work</i>	<i>Annual Salary</i>
Executive director	Full-year	\$100,001
Finance officer	200	\$93,032
Primary program administrator	215	\$90,288

We found that SESA's teachers and administrators have an overall high degree of job satisfaction, team cohesiveness, and dedication to the agency's difficult mission. SESA serves persons with disabilities that present intense challenges for the best of educators and parents.

Management continues to face the nationwide problem of attracting more of these specialists to Alaska. The traditional assumption has been that SESA's well-respected experts must be recruited from out-of-state. However, the training consortium we suggest in Recommendation No. 2 may enhance the capabilities of our existing in-state programs for specialized graduate study and experience.

***The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interest of the public and to comply with the factors enumerated in AS 44.66.050.***

Please refer to the Findings and Recommendations section.

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**APPENDIX A**  
**DISTRIBUTION OF STUDENTS SERVED BY SESA DURING PAST FIVE YEARS**

SCHOOL DISTRICT	AUTISM IMPAIRMENT	ASSISTIVE TECHNOLOGY	DUAL SENSORY IMPAIRMENT	EMOTIONAL DISTURBANCE	HEARING IMPAIRMENT	MULTIPLE DISABILITIES	VISUAL IMPAIRMENT	VISION IMPAIRMENT SERVICES FOR INFANTS AND TODDLERS	TOTAL
Alaska Gateway	1		2		2	6			11
Aleutian Region									0
Aleutians East				3	2			1	6
Anchorage			15					63	78
Annette Island					1				1
Bristol Bay		1		4	1	1			7
Bering Strait	2	1		4	5	8	2		22
Chatham						3	1		4
Chugach									0
Copper River						1			1
Cordova	3			1		3	1		8
Craig	2	1	1	7	3	3	1		18
Delta-Greely	2			4	1	1			8
Denali	2	1		2		1	1		7
Dillingham	2				4	9			15
Fairbanks		2	7					16	25
Galena				3	1	1			5
Haines	1	1		2		3	1		8
Hoonah	1			1		3			5
Hydaburg			1		1				2
Iditarod						4	1		5
Juneau		3	3	2				2	8
Take						3			5
Kashunamiut						3	1	1	5
Kenai			1	1				10	12
Ketchikan	2	6		1	8	5	5	1	27
Klawock	1			1		1			3
Kodiak	1	3		1	5	10	5	3	28
Kuspuk				1	1	4	2		8
Lake & Peninsula	2			3		1		1	7
Lower Kuskokwim		9			2	3	5	3	22
Lower Yukon						6	1	1	8
Matanuska-Susitna			4					8	12
Mt. Edgecumbe						1			1
Nenana						1			1
Nome			1	1		2			4
North Slope		2			2	2	3		9
Northwest Arctic		2			2	8	1		13
Pelican	1						1		2
Petersburg	4			1		2			7
Pribilof Islands						2			2
Sitka		2		4	2	12			20
Skagway				1		1			2
Southeast Island				1		2	1		4
St. Mary				2		2			4
Southwest Region	1				1	2	2		6
Tanana									0
Unalaska	2			1		1			4
Valdez	2			1	5	1			9
Wrangell	1			2	2	6			11
Yakutat						5			5
Yukon Flats	2					2	2		6
Yukon-Koyukuk				1		7			8
Yupiit			1	5		3	2		11
TOTALS	35	34	36	60	51	145	39	110	510

Source: Audited SESA records for primary service during period July 1, 1998 to October 28, 2003. Out of a total of 510 students served, 85 students received additional services beyond the primary service counted above.

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**APPENDIX B**  
**SCHEDULE OF REVENUES AND EXPENDITURES — FY 95 THROUGH FY 03**  
(unaudited)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
<b>STATE REVENUE:</b>									
DEED-Foundation Formula	1,943,400	1,966,800	1,990,390	2,042,529	2,063,300	2,093,254	2,074,220	2,083,036	2,089,547
DEED-Alaska Autism Resource Center									75,000
DHSS-Infant Learning Programs	456,957	436,829	180,800	151,536	156,508	156,363	156,363	193,404	195,474
DHSS-MHTB Capital Grants Program	27,877	20,700	65,191	53,538					
DHSS-Fetal Alcohol Consultation & Training Services					105,624				
<b>TOTAL STATE REVENUE</b>	<b>2,428,234</b>	<b>2,424,329</b>	<b>2,236,381</b>	<b>2,247,603</b>	<b>2,325,432</b>	<b>2,249,617</b>	<b>2,230,583</b>	<b>2,276,440</b>	<b>2,360,021</b>
<b>FEDERAL REVENUE:</b>									
Dual Sensory	214,264	149,493	127,424	132,412	130,276	119,994	120,277	112,355	118,158
Infant Learning Programs	20,000	20,000	9,000	38,264	37,637	47,519	55,934	33,783	13,945
Alaska Transition Initiative			65,096	138,687	132,690	164,727	202,837		
Assistive Technology	135,826	157,837	210,705	40,000	106,657	30,000			
Federal Quota Funds for the Blind				10,064	3,971	7,881	6,038	7,412	5,168
Other		16,104		7,916	11,496	2,000	7,500	2,121	8,400
<b>TOTAL FEDERAL REVENUE</b>	<b>370,090</b>	<b>343,434</b>	<b>412,225</b>	<b>367,343</b>	<b>422,727</b>	<b>372,121</b>	<b>392,586</b>	<b>155,671</b>	<b>145,671</b>
<b>INTEREST &amp; MISCELLANEOUS REVENUE</b>	<b>24,405</b>	<b>20,440</b>	<b>60,927</b>	<b>25,107</b>	<b>22,611</b>	<b>43,142</b>	<b>35,601</b>	<b>9,343</b>	<b>7,759</b>
<b>PRIVATE DONATIONS</b>				<b>1,000</b>	<b>1,250</b>			<b>2,008</b>	<b>1,178</b>
<b>TOTAL REVENUES</b>	<b>2,822,729</b>	<b>2,788,203</b>	<b>2,709,533</b>	<b>2,641,053</b>	<b>2,772,020</b>	<b>2,664,880</b>	<b>2,658,770</b>	<b>2,443,462</b>	<b>2,514,629</b>
<b>EXPENDITURES:</b>									
Operations and Support	848,604	981,496	986,379	976,732	926,609	1,021,086	963,812	794,848	719,861
Programs	1,861,555	1,960,294	1,708,353	1,621,923	1,670,387	1,648,554	1,838,212	1,739,636	1,876,902
<b>TOTAL EXPENDITURES</b>	<b>2,710,159</b>	<b>2,941,790</b>	<b>2,694,732</b>	<b>2,598,655</b>	<b>2,596,996</b>	<b>2,669,640</b>	<b>2,802,024</b>	<b>2,534,484</b>	<b>2,596,763</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>112,570</b>	<b>(153,587)</b>	<b>14,801</b>	<b>42,398</b>	<b>175,024</b>	<b>(4,760)</b>	<b>(143,254)</b>	<b>(91,022)</b>	<b>(82,134)</b>

Source: SESA financial records. • DEED = Department of Education and Early Development • DHSS = Department of Health & Social Services • MHTB = Mental Health Trust Board

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**APPENDIX C**  
**SCHEDULE OF ESTIMATED REVENUES — FY 04**  
(unaudited)

<u>REVENUE SOURCES</u>	<u>AMOUNT</u>
STATE REVENUE:	
DEED-Foundation Formula	\$ 2,094,776
DEED-Alaska Autism Resource Center	150,000
DHSS-Infant Learning Programs	<u>288,870</u>
TOTAL STATE REVENUE	2,533,646
FEDERAL REVENUE:	
Dual Sensory	133,942
Infant Learning Programs	83,249
Alaska Autism Resource Center	<u>50,000</u>
TOTAL FEDERAL REVENUE	267,191
INTEREST REVENUE	8,000
PRIVATE DONATIONS	<u>-0-</u>
TOTAL ESTIMATED REVENUE FOR FY 04	<u>\$ 2,808,837</u>

Source: SESA financial records

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FRANK H. MURKOWSKI, GOVERNOR

Department of Education & Early Development

Office of the Commissioner

Goldbelt Place  
801 West Tenth Street, Suite 200  
Juneau, Alaska 99801-1894  
(907) 465-2800  
(907) 465-4156 Fax

February 5, 2004

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

RE: Confidential Preliminary Audit Report  
Department of Education and Early Development, Special Education Service Agency  
(SESA). Sunset Review, December 18, 2003.

Dear Ms. Davidson:

The department has reviewed the December 18, 2003 preliminary audit report of the Special Education Service Agency (SESA), dated December 18, 2003. This correspondence provides the departments response as requested.

Report Conclusion:

Recommend the Legislature extend the termination date to June 30, 2008.

The preliminary audit conclusion would extend the agency's sunset status for an additional four-year period. The department suggests that SESA be removed from the "sunset" provision.

Over SESA's 17-year lifespan the agency has delivered a sufficient quantity and quality of service to justify the agency's continuation in the public interest. The department believes that the intent and mission of SESA to provide special education services to children in eligible districts is an ongoing element of Alaska's Public Schools and as such SESA should be removed from the "sunset" provision. The department believes that in providing services as prescribed in law at AS14.30.600 – 14.30.660 SESA will remain accountable to the public interest through interaction with Alaska's 53 public school districts, through SESA's annual submittal of operational plan and budget to DEED, through annual legislative appropriation, and by business practices such as SESA's annual independent audit.

***Recommendation No. 1***

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

The department believes that continued and increased videoconferencing can enhance SESA's service delivery. However, the department is unable to conclude that videoconferencing could become the norm at this time.

SESA has confirmed that the agency believes videoconferencing should be maximized and considers this recommendation to be a useful and desirable vision. The department encourages SESA to investigate strategies that may increase the use of video conferencing while providing effective services to districts.

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 supports efforts by SESA to spearhead a state special education training consortium. The department encourages SESA to investigate the possibility of a statewide special education consortium or other related proposal fulfilling this intent. However, the department recognizes current statewide resources may limit SESA's ability to fully implement the recommendation.

Recommendation No. 3

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

The department concurs with Recommendation No. 3. The department supports efforts that would enable SESA to potentially secure "e-rate" subsidy.

Recommendation No. 4

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

The department concurs with Recommendation No. 4.

Recommendation No. 5

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

The department concurs with Recommendation No. 5. The department supports SESA's efforts to advance public awareness of its very valuable resource collection of books and materials. SESA's collection could be linked to the EED special education webpage.

Recommendation No. 6

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

The department concurs with Recommendation No. 6. The department has assigned the Special Education Director or their designee to work directly with the SESA Board to attend SESA Board Meetings. The department recommends SESA communicate with the Special Education Advisory Panel of the Governor's Council on Disability and Special Education regarding the GCDSE appointment of a representative to attend SESA board meetings.

Recommendation No. 7

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

The department concurs with Recommendation No. 7. However, the department recognizes that legal entity status, internal revenue service tax-exempt status and operating in a "dual legal status as a government agency and a not-for-profit organization"<sup>31</sup> are complicated issues and the outcome may or may not produce a cost savings.

Sincerely,

Roger Sampson  
Commissioner

cc: Karen J. Rehfeld, Deputy Commissioner

Barbara Thompson, Director  
Division of Teaching and Learning Support

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<sup>31</sup> See Confidential Preliminary Audit Report. Department of Education and Early Development Special Service Agency. Sunset Review, December 18, 2003 page 3 and page 12 note 23.

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# Special Education Service Agency

•2217 E. Tudor Rd. Suite 1 Anchorage, Alaska 99507 • 907-562-7372 • TTY 563-8284 • FAX 562-0545•

January 30, 2004

Ms. Pat Davidson  
Legislative Auditor  
Division of Legislative Audit  
P.O. Box 11300  
Juneau, Alaska 99811-3300

Dear Ms. Davidson:

The Board of Directors of the Special Education Service Agency has received the December 18, 2003 Preliminary Report of the agency Sunset Review. This letter provides our written response to that report, as requested.

First, we wish to thank the auditors who performed this review for their professionalism and thoroughness. The Board understands that this review has been by far the most comprehensive of the five reviews now performed.

Before responding to the recommendations presented in the report, we would like to offer clarification or additional information on selected details from the report.

Page 3, Par. 4 – The number and type of staff currently employed by SESA are:

- Three grant Specialists/Coordinators (full-time service providers who also draft grant applications and reports)
- Thirteen Education Specialists (who have no grant duties)
- Four Program Assistants
- One Librarian/Technologist
- One Finance Clerk (part-time)
- One Executive Administrative Assistant
- One Finance Officer
- One Program Administrator
- One Executive Director

There is also one .50 FTE specialist position budgeted but vacant.

Page 19, Par. 1 – Regarding administrator compensation as displayed: SESA administrators pay full costs of elective dependent/family medical insurance premiums from their salaries. The Board pays employee-only medical insurance premiums. The Board provides no paid annual leave for any Administrators. Administrators other than the Executive Director receive sixteen days paid sick

leave over a twelve-month work calendar, accruable without limit. The Executive Director receives no paid sick leave, but receives ten days annual paid personal leave, accruable to 20 days but having no cash value if unused.

Regarding teacher compensation as described: teachers pay \$50 monthly toward employee medical insurance, and pay 30% of premiums for dependent/family insurance. The Board provides the balance of monthly employee premiums, and 70% of dependent/family medical insurance premiums. Teachers receive 1.3 days paid sick leave for each month worked, typically ten months a year, accruable without limit. The Board provides no paid annual leave for teachers.

Page 21 and 23, Appendices A and B – Reporting student numbers served and agency revenues invites a calculation of “cost per student served.” The reported student numbers cannot meaningfully be used for the purpose of calculating a cost per student, because student-specific services are only one service methodology employed by the agency. The displayed numbers only count students who have been assigned to long-term, caseload outreach support. The students listed are generally seen for several years and roughly 20% of them have multiple disabilities and are seen by more than one disability specialist. Additionally, though students are beneficiaries of agency service, they are not our service recipients. Teachers, aides, and parents associated with the student are the agency’s service recipients.

As described on page 15 of the report, in-services, workshops, and courses are a second major method used to support local programs. SESA training is conducted at school, district, region, and state levels. In FY 2003, SESA documented 60 training events with over 900 recipients in 23 school districts, communities, and regional infant learning programs. In the future, we anticipate greater distribution of these trainings through the use of videoconference technology.

The SESA library, newsletter, and web site represent a third and important service methodology, one that allows for user-initiated access to agency resources. In FY 2003, the library made over 2,000 loans, not including items reserved for the exclusive use of specialists. The patron database shows over 900 enrolled borrowers. Over the same year, our technical assistance web site received over 196,000 page requests during 92,000 sessions, many of which were with 6,200 repeat users. Average daily downloads were 508 pages. Each issue of the SESA Newsletter includes a technical assistance reference section developed by the agency, and is mailed to over 2,000 individuals and organizations, including every public school in Alaska.

Pages 23 and 24, Appendices B and C – The displays list “Foundation Formula” as the primary agency revenue source. This would likely be interpreted as school district foundation funds, or as revenue that otherwise would be part of a school district foundation formula appropriation. The revenue in question is made available to the agency not through the school foundation formula, but through a separate legislative appropriation to a DEED budget component called "Special Schools," which includes the allocation for SESA per A.S. 14.30.650. SESA funding and the school district foundation formula funding are unrelated.

Below are Board responses to the Conclusion and Recommendations as in the report.

Conclusion: Termination of the agency should be extended to June 30, 2008.

This conclusion would continue the agency's sunset status for a refreshed period of four years. This represents a significant retreat from the Division's November 1994 audit, which recommended either a ten-year sunset cycle or removal from sunset. Absent rationale otherwise, this conclusion appears to apply statutory sunset policy rather than to reflect concerns arising from the audit. The Board notes that the report is otherwise positive, and that certain recommendations appear intended to broaden the agency's funding, activities, and influence.

The SESA Board does not concur with this conclusion. The Board believes that short periods of authorization impede the agency's continued effective performance.

The agency must continue to attract highly trained specialists. Today's national recruiting environment is an extreme "sellers' market" for disability specialists with advanced training and experience. It is not realistic to ask specialists to invest in a move to Alaska to join an agency with a short-term and indefinite future. Statutory sunset policy will make recruiting very costly and very difficult.

We also believe the proposed period of authorization conflicts with those recommendations of the report that are long-term and "systems change" in nature.

The SESA Board believes that a longer period of authorization such as provided in 1995, or removal from sunset status, are needed to avoid a near-term hiring crisis, and to allow desired progress toward long-term recommendations of the report.

Recommendation No. 1: SESA should transition to videoconferencing as the norm for delivery of its service.

The Board concurs that videoconferencing (VC) should be maximized, but feels it is too early to conclude that VC can effectively become the norm for the delivery of all outreach services. We also believe effective outreach consultation requires at least foundational and periodic site presence. Further, because VC technology has only recently become installed, and in only limited parts of the state, certain regions may be targets for this recommendation while other regions may not be targets for some time.

We consider the recommendation to be a useful and desirable vision. While we question whether VC can be implemented as the "norm" for statewide service delivery, at least in the near future, we do want to see it used whenever and wherever it can be used effectively. We want the agency to be a leader in using VC for consultation and training.

Recommendation No. 2: SESA's management should spearhead a state special education training consortium to formally advance the capabilities of school district personnel.

The Board concurs with the intent of this long-term recommendation, and agrees that as a successful innovation in its own right, the agency could invite others to the table for formative discussions about cooperative responses to needs cited in the report. The Board will direct its administration to explore the interest of potential state partners, and to prepare a FY 05 project plan for Board consideration at its June, 2004 meeting.

The Board notes, however, that the perceived viability and longevity of the agency will inevitably be instrumental to its ability to attract new long-term partnerships.

Recommendation No. 3: SESA should apply for a federal subsidy of up to 90 percent of its telecommunications expense.

SESA has not yet applied for this "E-rate" subsidy because the state coordinator for E-rate in Alaska had determined the agency to be ineligible to apply. However, the agency continues to work with the state coordinator; recently announced changes in federal criteria may allow an agency application to be developed for fiscal year 2005.

The Board concurs that SESA should pursue E-rate subsidy if the agency and its activities are determined eligible. If so advised by the Alaska E-rate coordinator, the agency will prepare and submit a timely application for FY 05 federal subsidy of eligible costs.

Recommendation No. 4: SESA's management should aggressively pursue opportunities for more diversified funding.

The SESA Board concurs with this recommendation. Exploration of three recommended potential funding sources has already begun. At the Board's February 16-17, 2004 meeting, agency administration will bring the Board up-to-date regarding the missions of potential funding sources and possible service proposals. Funding proposals will be developed appropriate to the timelines of funding sources and the agency.

Recommendation No. 5: SESA should continue to enhance the availability of its specialized library to the general public.

The Board concurs with this recommendation, but notes that loans to SESA staff and service recipients will continue to have priority over loans to non-affiliated patrons. Specialists are already concerned about current borrower demand on our more popular holdings. Added "marketing" may present added demands and costs. Our librarian will complete linkages with SLED, the university, and WorldCat by the start of FY 05.

**Recommendation No. 6: DEED and the Governor's Council should appoint representatives who will attend SESA board meetings.**

The SESA Board concurs with this recommendation. The Board will promote awareness of this need on the parts of all members. We will remind members of bylaw policy on attendance at our next meeting, and thereafter will implement that policy.

Recommendation No. 7: As a statutorily created entity of state government, SESA should investigate

the necessity of filing tax returns and paying excise taxes.

The Board will seek counsel regarding this recommendation. The Board agrees that the agency is positioned to use its governmental status to become exempt from filing tax returns, but we are concerned with potential effects of not filing returns.

SESA is a statutory public organization and instrumentality of the state, and a public corporation with 501(c)(3) status. Each status conveys actual and potential benefits. While it is true that private donations to date have been minimal, so too have been costs of filing federal tax returns, at \$800 yearly. Typically, the value of the private awards received because of the agency's non-profit status has exceeded the cost of filing the tax return the year in which the award was made. It is also our experience that awarding organizations sometimes require copies of filed IRS Form 990s as part of award applications.

Pursuant to this report's Recommendation No. 4, our administration is currently researching private foundations as possible added funding sources for new or existing agency activities. If we were to acquire significant private foundation funding, we believe we would be required to file tax returns even if otherwise exempt. We also believe that major foundations would require past filings as part of a proposal.

The Board thus will evaluate the pros and cons of not filing returns as we explore new funding options.

Research on federal excise taxes began during the course of the audit. Federal authorities tell us the agency is not exempt from airfare taxes, but the question of telephone excise tax is not yet settled. The Board has directed administration to pursue this question to resolution by the end of this fiscal year.

Thank you for the opportunity to reply to the Preliminary Report. If you desire further response I can be contacted as below.

Sincerely,

Gayla Valle, President  
SESA Board of Directors  
907-784-3317 days  
907-784-3266 evenings  
[gvalle @excite.com](mailto:gvalle@excite.com)

cc: SESA Board of Directors