



IDEA Allocation Audit Resolution: Arizona's Path to Compliance

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Introduction



Arizona

- Background
- Charters

Who We Are

- State educational agency (SEA) structure
- Responsibilities

Preparing the Way:

Understanding the Problem

Baggage for the Journey



Leadership transition

- Turnover in all SEA special education fiscal and executive leadership positions

Critical elements

- Inheritance of 2-year-old repeated audit findings
- Determination of priority of resolution activity
- OSEP onsite fiscal audit
- Similar SEA audit findings for other federal programs

Specific Items of Non-Compliance



SEA has procedures to allocate for IDEA Section 611 and Section 619 subgrants

- Arizona had minimal (if any) current policies or procedures in place
- None of the procedures that did exist were being followed with integrity

SEA has procedures to reallocate IDEA Section 611 and Section 619 subgrants

- Similar to above, including all aspects of the funding formula

Why We Were Lost

Identifying root causes of non-compliance

- Flawed conceptual understanding
- Misinterpretation of regulation and statute
- No consistent established systems
- Questionable data sources
- Faulty calculations
- No system of checks and balances
- Poor public education agency (PEA) communication

Setting a Course

Establishing effective content experts

- Leadership
- Technical assistance providers
- Other states
- IT talent

Formulating a plan of action

- Long- and short-term deliverables
- Alignment with internal/external timelines

Preparing to Pave the Path



Establishment of vision

- Prioritization within other SEA deliverables and responsibilities
- Setting the tone internally and externally (messaging, transparency)

Resource management

- Facilitation of communication with OSEP contacts
- Task assignment to meet resolution of audit
- Developing positions and hiring staff

Ensuring the Path is Clear



Removal of politics

- Internal barriers and ownership within the SEA
- Supporting the vision
- Facilitating personnel action
- Internal and external communication
- Assisting with unrelated overhead

Traversing the Path: Implementing a Solution

Traversing the Path: Objectives



Objectives for implementing new policies and procedures

- Establishing business owners
- Clarifying valid data sources
- Establishing and implementing accurate timelines
- Establishing and solidifying processing methods

...Arizona's policies and procedures for allocations either did not exist or were outdated.

Traversing the Path: Understanding



Understanding the federal funding formula

- Three components (base, population, poverty)
- Biggest challenge was base formula and adjustments

Understanding the data sources

- SEA student accountability system
- October 1 (or special education child count) counts for SEA
- SEA entity management system

Traversing the Path: Work



Generating and documenting current acting processes

- Helped identify errors and areas that need to be changed
- Helped identify challenges to reduce time required

Creating and implementing reasonable policies for IDEA allocations

- Data elements that lead to fiscal dollars
- New and expanding charters
- Timelines of funding

Traversing the Path: Product



Writing completely new procedures to accurately reflect implemented processes

- Addresses all requirements in federal regulations
- Provides non-technical guidance on how to process the data while also giving the relevant citations
- Defines clear owners of the processes
- Defines relationships and dependencies between SEA units

Traversing the Path

Pothole #1: Student Tracking

Tracking students with no “sending PEA” enrolling in charters

- Students enrolling from out of state
- Five-year-olds entering school

Defining boundaries of responsibility between sending and receiving PEAs

- Responsibility for students with no “sending PEAs” follows district boundaries
- Primarily affects charters when establishing or revising the base

Traversing the Path

Pothole #1: Student Tracking (cont.)



How AZ defined “sending PEAs” for new and expanding charters

- Students who had no prior year “sending PEA”
- The grade-relative school district is considered the “sending PEA” for charters within the school district boundaries
 - Example: Charter that has grades 9-12 would be high school district as “sending PEA”
- When the charter closes, the base reverts back to the relevant grade-relative school districts
- Long-term, the values reconciled toward a zero balance

Traversing the Path Pothole #2: System Infrastructure

Student data collection

- October 1 enrollment and poverty count for the SEA
- October 1 special education child count for the SEA

Transitioned to new collection platform (AzEDS)

- Redefined and validated October 1 rules for new system
- Defined sources of truth within the SEA
- Defined data use agreements within the SEA

Traversing the Path

Pothole #2: System Infrastructure (cont.)



Organization of data

- Transformed technical databases into simplified data outputs
- Stored student data is relayed for multiple school years

Entity Management System

- Defined criteria to delineate which PEAs do / do not receive allocations
- Developed queries that load multiple years of entity information in an easy-to-read format

...this provides the means to reallocate for multiple years easily.

Approaching Journey's End: Students with No "Sending PEA"

Tracking students with no "sending PEA" enrolling in charters

- Students enrolling from out of state

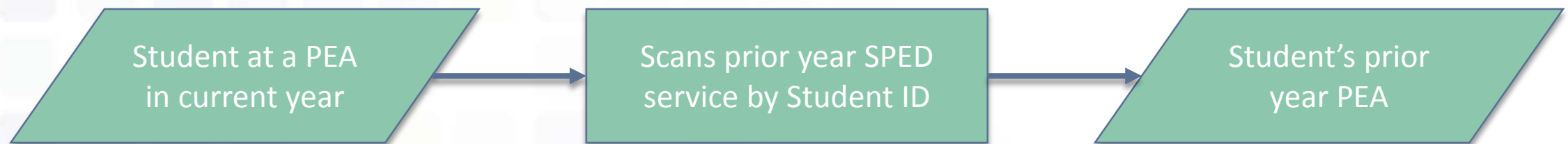
Defining boundaries of responsibility between sending and receiving PEAs

- Responsibility for students with no "sending PEA" follows district boundaries

Approaching Journey's End: Student Tracking

Queries to systemize tracking of students annually

- Developed database query that provides a report of where a student was in a prior year on the Special Education October 1 Child Count
- Aggregates the information at the PEA level for easy exporting

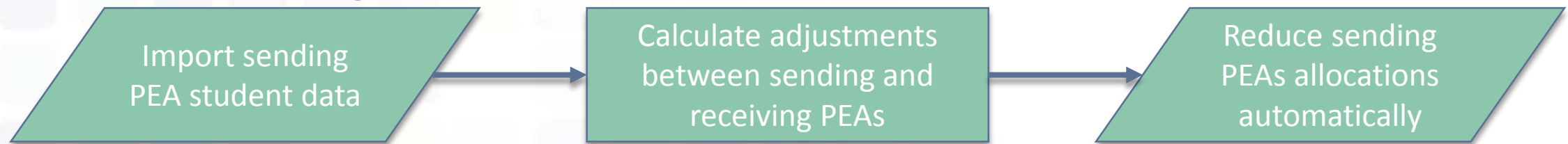


Approaching Journey's End: New and Expanding Charters

Excel formulas import data and process adjustments

- New/expanding charters automatically calculate proportions
- Removes dollar amounts from sending PEAs appropriately

New or Expanding Charter



Approaching Journey's End: Multiple Years



Recalculation of multiple years

- Utilized multiple tabs for school years
 - Allows formulas to be copied quickly and scale to row/column adjustments appropriately
- Tabs were structured in the following capacity for each school year
 - Calculation of the base adjustments
 - Source data for Special Education October 1 Child Count
 - Aggregate data using pivot tables of the Special Education October 1 Child Count, which formats the sending PEAs for any new or expanding charters
 - Entity status information for each school year as they existed
- Setting up the process: ten hours of work
- Recalculation of each year: about 30 minutes each = approx. 18 hours total

Recounting the Journey



Good practices that keep allocation files clean:

- Set a clean structure for data and Excel files
- Modular is better. Exceptional Student Services (ESS) currently uses three separate Excel files
 - Base allocation
 - Population and poverty allocation
 - Summary allocation
- Within the spreadsheets, hide tabs that are not used in calculations to keep files clean and easy to read
- Dedicate a page to copy queries used to pull data

Recounting the Journey (cont.)



Good practices that keep allocation files clean

- Leave comments when necessary for any notations to end users
- Utilize formulas that scale when copying and pasting to new columns and rows
- Know when to reference static cells/rows/columns
- Well-written formulas can minimize errors and save significant amounts of time
- Advanced formulas can turn tasks that take hours into minutes
 - Example: SUMIF, VLOOKUP within logic statements

Celebrating the Journey:

Sharing Lessons Learned

State Leadership Implications



Understand the fiscal allocation process

- Know the regulations at a conceptual level
- Review established policies and procedures
- Ensure checks and balances are in place

Understand the necessary resources for fiscal allocations

- Are SEA content experts in place?
- Have you accessed other SEA experts and/or TA centers?
- When was the last time the system was reviewed?

Higher Level Leadership Thoughts



Initiate communication with your State Superintendent

- Allows for clear, transparent communication with the field
- Increased intra-SEA communication
 - Allowed ESS staff to get work done
 - Allowed ESS to become the model for other SEA federal allocation systems
 - Culture shift toward actual collaboration
- Ensured stable leadership for Arizona's students with disabilities

Be open to external auditor/reviewers

- Could be OSEP, could be external vendor
- Learn from their critiques

Discussion & Questions

Please complete a session evaluation form before leaving.

Your input is important in helping us develop meaningful content for states.

Thank you!

Contact Us



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