



New York City Comptroller
John C. Liu

NEWS RELEASE

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**LIU: DOE’S \$67 MILLION TECH LEMON
HURTS SPECIAL EDUCATION**

*Online Database Required For Medicaid Reimbursement Is Riddled
with Errors, Dissatisfied Users, Audit Finds; DOE Missed More
Than \$200 Million in Funds in the Last Two Years*

[View the Audit](#)

NEW YORK, N.Y. — City Comptroller John C. Liu today announced that the Department of Education’s (DOE) Special Education database application, which is vital for receiving federal Medicaid reimbursements — is rife with inaccuracies and technical glitches.

The DOE started using the database, known as SESIS, in 2010 in order to help its Special Education Program meet State and Federal reporting requirements for receiving Medicaid funds. Comptroller Liu’s audit found that SESIS is not meeting its goal of providing a reliable and efficient online student database for instructors and administrative staff.

“After spending four years and \$67 million dollars on this technology the Department of Education has stuck teacher and administrators with a costly lemon,” Comptroller Liu said. “The City is losing hundreds of millions of dollars for Special Education because it can’t file accurate reimbursement claims. Enough is enough, we’ve already seen that the DOE does not provide one quarter of the available direct student services; parents shouldn’t suffer further belt-tightening and subpar service because the DOE can’t manage its technology.”

Errors in Student Information, Education Plans

DOE’s reports show that SESIS has been plagued by errors in student data since the agency began transferring information over to it from two predecessor databases, the Child Assistance Program (CAP) and Automate the Schools (ATS). The Comptroller’s audit found 100,346 errors in April 2013; 107,033 errors in March 2013; and 404,391 errors in September 2012.

In addition, hundreds of student records had to be manually deleted from SESIS because they were wrongly duplicated in the new system, including 483 student records in April 2013 alone.

Numerous errors were also found in student information in the older databases. For example, DOE tracks services that Special Education students receive through Individualized Education Programs (IEPs), which are vital to Medicaid reimbursement claims. During one three-month

period — Dec. 26, 2012 to April 9, 2013 — 3,939 of the Individualized Education Programs had to be corrected in the CAP.

Survey of SESIS Users

The audit received 594 responses to surveys sent to 5,700 SESIS users, with the following results:

- 77% who use SESIS were poorly trained, including:
 - 24% said they never received SESIS training.
 - 23% said training was unsatisfactory.
 - 30% said they received no training after they started using SESIS.
- 34% had trouble accessing SESIS.
- 60% were not fully satisfied and wanted changes made.

SESI Users Comments

Some frustrated SESIS users responded to the surveys with the following comments:

- “A lot of the info is missing or incorrect. We understand a lot of the problems come from CAP but something will have to be done to get SESIS to be more accurate. Annual Reviews this year were all out of date and soem [sic] students missing or inactive w/o reason.”
- “Data on SESIS does not match ATS and/or CAP. SESIS problems prevent ease of flow in doing IEPs & generate compliance & funding issues.”
- “The trainer who came to our school didn't know how to use this software.”
- “It's time consuming, no formal training provided, not user friendly.”
- “Any difficulty that I've experienced I believes [sic] stems from not having attended a formal training, and what I have wasn't in a systematic fashion.”
- “SESI frequently has glitches and shuts down a lot.”
- “The system logs you off for no reason...says 'timed out.' This is a major problem because it could take an hour to complete a task that should take 5 minutes. It is very frustrating and interferes significantly with my productivity.”
- “...the system has been implemented very poorly and is riddled with numerous data errors. It has failed to communicate properly with other DOE legacy data systems such as CAP and SEC. This has prevented the provision of special education services to students. At last count there are about 30,000+ data errors in SESIS. Whenever a user calls about these errors they are told that it is a 'Known Issue.' These 'Known Issues' have now gone into their second year.”

Internet Service Problems

Comptroller Liu's audit reviewed the DOE's monthly report on internet service interruptions and found service interruption in one-third of the days during the 30-day period from March 23 to April 22, 2013.

Help Desk Gets 580 Calls Per Day

The SESIS Help Desk divides calls into Tier 1 — basic user issues such as using the application, missing or inaccurate data — and Tier 2 — more difficult problems with data entry or technical errors.

During one three-month period, Oct. 1 through Dec. 28, 2012, there were 35,119 calls for Tier 1 help with basic user problems. This is equivalent to approximately 580 calls for help each workday.

During the same period, there were another 12,641 calls for help with the more technical Tier 2 problems. More than 40 percent of these calls (5,156) related to the dozens of known bugs in SESIS. Many of these calls for help with known bugs in SESIS (2,082) remained unresolved at the end of the three-month period.

DOE Has Not Ensured Student Data is Secure

The DOE has not ensured that the confidential student data in the internet-based SESIS is secure. DOE's contract leaves responsibility for protecting student data with the vendor, Maximus Inc., which created the system and runs it from sites outside the City. Although DOE has the right to conduct a security audit of Maximus' operations and its hosting sites it has not done so. Instead, DOE has relinquished control of SESIS and the student data it contains to Maximus.

Background

Of the 1,041,500 students in the public schools, 221,700 (21%) are enrolled in a Special Education program. The DOE awarded Maximus a contract in Sept. 2008 to create and manage a reliable and efficient online database of Special Education student information. Federal requirements for Special Education reimbursement require accurate reporting of student information and services.

The DOE had spent \$67 million on SESIS as of Jan. 2013. The DOE's original 2008 contract with Maximus was for \$55 million, and was increased by amendment to \$70 million. The contract expires Nov. 1, 2013. DOE has two renewal options for two years each. The first renewal is capped at \$5.7 million and the second renewal at \$6.3 million.

Medicaid Reimbursement Losses

Comptroller Liu's budget analyses have previously shown that over the last two fiscal years the DOE has had to lower its initial revenue estimates by \$210 million in Medicaid reimbursements for Special Education. In FY 2012, the DOE budgeted for \$117 million in reimbursements, but received only \$37 million, while in FY 2013, the DOE planned for \$167 million but currently assumes only \$37 million, and to date has billed only \$3 million.

Maximus Inc. Background

Over the last 16 years, Maximus has received a preponderance of negative attention in the media and has been the subject of several criminal investigations for gross corporate malpractice. Its employees have been imprisoned for fraud and been found guilty of discriminatory practices. Audits of Maximus have revealed woefully inadequate provision of services and the company has been forced to pay millions in settlements to different states and municipalities.

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