



**Special
Education
Instructional
Leadership
Network**

Funding Special Education in Michigan Focus on a Quality, Adequate, and Equitable System

Vision: Provide a quality, adequate and equitable system of funding for the most vulnerable students in Michigan. This system would be a balanced system with three (3) streams of funding - federal, state, and local – at its core.

Urgency: Currently the Michigan system of special education is underfunded, statewide, by \$706 million based on [2019-20 data](#) from the Michigan Department of Education.

Primary reason for shortfall: Historic underfunding of special education starting with the allocation of a foundation allowance for all students (see [Special Education Funding in Michigan: Examining the Shortfall](#)). Currently, rather than being guaranteed a foundation for all students and support for additional special education costs, school districts only receive the greater of:

- 1) the foundation allowance for a child with an individualized education program (IEP) plus a hold harmless amount relating to 1997 costs
- or**
- 2) the equivalent of 28.6138 percent of the special education expense associated with the child and 70.4165 percent of their related specialized transportation costs (Durant percents).

Ask: Provide funding to improve the quality and enhance the outcomes for children with IEPs reflecting the additional programs and services needed.

- **State Funding Focus (in order of priority):**
 1. Foundation + Durant settlement (Calley Report, 2017)
 2. Increase and modify Section 56 Equalization Formula (Calley Report, 2017)
 3. NEW section for additional reimbursement of expenses for students requiring high-cost programming
 4. Section 51f reimbursement - after SE Foundation + Durant % fully funded
- **Local Funding Focus:**
 - Allow all Intermediate School Districts to levy at least 3 mills for special education

Funding Michigan's Special Education System
Focus on a Quality, Adequate, and Equitable System

State Focus	Additional Funding	Benefit (Adequacy & Equity)	Plan
Foundation + Durant %s (28.6% of SE Costs & 70.4% of Specialized Transportation Costs)	\$400M (less section 51f funding)	<ul style="list-style-type: none"> • Students who need more resources should get more resources. • Funding a foundation for <u>all</u> students plus the added costs for students with IEPs would partially achieve this goal. 	Increase funding by approximately \$400 million, reduced by the temporary reallocation of Section 51f funding (currently \$90 million or \$240 million as proposed by the governor)
Increase Section 56 equalization funding and modify formula	\$100M	<ul style="list-style-type: none"> • To the extent local ISD taxable values and millage rates vary as greatly as they do, state funds should be used to equalize some of these disparities. • Changes in both our property tax system and shifting student populations require modifications to the existing formula. • Local millage is a local voter decision and current millages may not reflect the attitudes of the current community. The amounts are linked to needs from 28 years ago. 	Increase funding to equalize for an average levy per pupil per mill and up to an average millage rate per pupil. Narrow pupil definition to Special Ed FTE.
NEW Section	\$20M	<ul style="list-style-type: none"> • Provides additional funds for students with IEPs whose costs exceed \$40,000. 	Increase funding to increase the % reimbursement for that portion of costs in excess of \$40,000 for a particular student to a minimum of 80% rather than the current 28.6138%.
Section 51f	\$186M	<ul style="list-style-type: none"> • Provide additional funds for every district to reduce the added cost burden. 	Increase reimbursement to at least an additional 6%. Reflect an increase to the current 28.6138 % reimbursement rate.
Total State Focus	\$706M		

Local Focus	Additional Funding	Benefit (Adequacy & Equity)	Plan
Allow all ISDs to levy at least 3 mills for special education	Up to \$154M	<ul style="list-style-type: none"> • To establish a reasonable/average millage rate on which to equalize ISD Local funding 	Uncap special education millages statewide to at least 3 mills
Total Local Focus	\$154M		