

**Problem Definition: What's the problem?**

Because Special Education programs are underfunded, local school districts have a significant challenge that 1) cuts into funding for all school programs, and 2) creates a disincentive for school systems to provide best practice in the area of special education because of the financial challenges. Consider the following:

- DPSCD general fund must come up with over \$40 million from its General Fund budget to cover the special education funding shortfall.
- This is an issue for all but a few schools systems statewide, with an over-all shortfall in funding of over \$800 million. This includes Charter Schools.
- Urban school systems such as DPSCD have a more significant challenge, because county tax revenues that can be raised to pay for special education programs are lower than other areas. Wayne County has the 2<sup>nd</sup> lowest tax base in the state (where DPSCD is located).
- Urban school systems such as DPSCD that are surrounded by a lot of charter schools have an added challenge as on average, charter schools service fewer special education students, and those students that are less expensive to serve.

Because of this, DPSCD has a significant budget issue that impacts all student programs and endangers its ability to stay financially solvent into the future, and the solutions below are meant to address this.

**Strategy: How can the community respond?**

Work with other organizations that are also looking at this issue so we can address solutions with federal and state policymakers with one voice. Specifically:

- Coordinate our ideas with other organizations that are working on the same issues statewide. The Lt. Governor has a task force, SEMCOG is issuing a report, Business Leaders of Michigan are studying school funding, and there is a statewide collaborative looking at school funding (including the funding of special education programs). The Coalition should connect with these organizations with the intention of finding the best solutions and, if agreeable, share them with state policymakers as one voice.

***Recommendations to be addressed with state policymakers:***

- Establish a funding mechanism based on a weighted state basic foundation grant that would recognize the added resources necessary to serve the educational needs of students with disabilities. This is a best practice used in other states, and those models, along with the research from the statewide Collaborative mentioned earlier, should be used to create a suggested model to be shared with policymakers.

***Recommendations to be addressed with federal policymakers***

- Move towards the initial goal set when federal special education law was created to have Federal resources cover 40% of special education costs (currently it is less than 10%).

- Medicaid funding should reimburse **all** related costs for medical expenditures in school, including: secretarial training, CPI training, EPI pen training, administrative and planning costs to create medical plans (504 plans) for students, and parent training.

***Recommendations for Detroit school systems to take advantage of all the resources that are available to them***

- Support current efforts to look at internal special education practices through an external audit or review.
- Raise awareness at each school to assure they are taking advantage of expenditures that can be reimbursed through Medicaid. This includes making sure all parents are identified who qualify for Medicaid services, and assuring parents understand what information they need to provide.

***Other suggestions if structural issues at the state, federal and local level are exhausted, and the funding shortfall still exists***

- (state or federal consideration) Create incentives for school systems to provide services in the least restrictive environment, including providing added funding for classrooms that service a larger number of special education students; added funding for classrooms that initiate best practices in servicing students in the least restrictive environment (i.e. co-teaching).
- (state consideration) Look at equalization of the countywide tax base for all districts at a level at least 80% of the highest in the state, to provide equity between districts that are allowed to levy property tax to help fund special education programs.

**Assumptions: What conditions do we believe to be true?**

Based on our research, we believe the following:

- Other states have addressed this issue, and it needs to be addressed in Michigan.
- There is some legislative interest in looking at this, based on the work of the Lt. Governor and his task force on Special Education, and in individual discussion with staff in the Governor's office.
- Per our research, this is an issue that impacts all districts across our state, which increases our collective voice with policymakers.
- There is a statewide effort to study school funding issues, and special education is one area of identified need for study.
- DPSCD's new superintendent has specifically discussed the need to review special education practices within the organization as a priority.
- DPSCD will struggle balancing its budget in the future if the issue is not addressed.
- If this shortfall is addressed, it equates to approximately 8,000 teachers or more statewide.

**Risks: What could go wrong?**

The effort to get legislative relief is a risk, as the budget solution is big - \$800 million statewide. If we ask for too big a solution, will it die under the weight of an undoable request? We have developed back up ideas, in case this occurs, highlighted above, under the area "other suggestions if structural issues at the state, federal and local levels are exhausted, and the funding shortfall still exists". We very well may

need to amend our recommended asks from policymakers. We felt it was better to ask for more now, and adjust our requests if we determine that our efforts are failing.

**Success Measures: How do we know it worked?**

The measurements will be rather easy to determine. If we have had some budget changes at the state or federal level to address the problems identified, and we see a reduced shortfall – we will see success.

As it relates to local recommendations for practice changes, we can measure success by the action of DPSCD reviewing its special education systems and practices. We will be able to identify specific actions taken to address the suggestions outlined.

The timeframe for state and federal changes are two-fold, and dependent on our partners – the Lt. Governor’s task force and the Statewide Collaborative working on school funding. If recommendations from those two groups can be finalized by early 2018, we could see initial action for the 2018-19 state budget.

If there is no action this state budget cycle, then we are working with a new governor and administration, and our timeline should be within two years after they take office.

Resource	Source	Link
<i>Weighted Funding</i>	Maria Montoya	<a href="https://www.nea.org/assets/docs/ESSA_Local_WSF_Pilot_120715_(to_Donna).pdf">https://www.nea.org/assets/docs/ESSA_Local_WSF_Pilot_120715_(to_Donna).pdf</a>
<i>Sample factsheet that will appeal to our intended audience</i>	Maria Montoya	<a href="https://www.linkedin.com/feed/update/urn:li:activity:6298917567985643520">https://www.linkedin.com/feed/update/urn:li:activity:6298917567985643520</a>
<i>Financial Special Ed: Analysis &amp; Challenges</i>	<i>Citizens Research Council of Michigan</i>	<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/594490072">https://3.basecamp.com/3756737/buckets/3771063/uploads/594490072</a>
Differentiated Funding	Maria Montoya	<a href="http://www.coweninstitute.com/wp-content/uploads/2016/03/CI-Differentiated-Funding-Draft.pdf">http://www.coweninstitute.com/wp-content/uploads/2016/03/CI-Differentiated-Funding-Draft.pdf</a>
Differentiated Funding	Maria Montoya	<a href="http://www.crpe.org/external-resources/recovery-school-districts-differentiated-funding-formula">http://www.crpe.org/external-resources/recovery-school-districts-differentiated-funding-formula</a>
Detroit Sp. Ed. Analysis	MSU Prof. Conlin & Karen Howey	<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/607159909">https://3.basecamp.com/3756737/buckets/3771063/uploads/607159909</a>
Differentiated Funding		<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/610457606">https://3.basecamp.com/3756737/buckets/3771063/uploads/610457606</a>
Differentiated Funding	OPSB Internal Briefing	<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/610461765">https://3.basecamp.com/3756737/buckets/3771063/uploads/610461765</a>
Funding by Classification		<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/610461798">https://3.basecamp.com/3756737/buckets/3771063/uploads/610461798</a>
Charter Schools to Pool Resources, MA	Boston Globe	<a href="http://www.bostonglobe.com/metro/2015/04/12/charters/KTd6bNF6MOKy3weheuJGJI/story.html">http://www.bostonglobe.com/metro/2015/04/12/charters/KTd6bNF6MOKy3weheuJGJI/story.html</a>
Equip for Equality, Chicago, IL	Sun Times	<a href="http://chicago.suntimes.com/chicago-politics/disabilities-group-to-cps-make-sure-charter-schools-welcome-special-ed-students/">http://chicago.suntimes.com/chicago-politics/disabilities-group-to-cps-make-sure-charter-schools-welcome-special-ed-students/</a>
Equip for Equality, Intersections, Legal Framework & Action	Poverty Law	<a href="http://povertylaw.org/clearinghouse/stories/hochbaum">http://povertylaw.org/clearinghouse/stories/hochbaum</a>
FTE for Wayne County, Fall 2014	Steven Ezekian	<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/623328008">https://3.basecamp.com/3756737/buckets/3771063/uploads/623328008</a>
FTE for Wayne County, Fall 2015	Steven Ezekian	<a href="https://3.basecamp.com/3756737/buckets/3771063/uploads/623328063">https://3.basecamp.com/3756737/buckets/3771063/uploads/623328063</a>