STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

MEMORANDUM

TO: Section 51a(6) Applicants

FROM: John A. Andrejack, Supervisor, Program Finance
Office of Special Education

DATE: July 26, 2013

SUBJECT: Application for Funds Under Section 51a(6) of the State School Aid Act for the 2013-14 School Year

The Michigan Department of Education (MDE) is responsible for administering Sections 152 and 162 of the State School Aid Act for 2013-14. Continuing with FY 2013-14, the application for claims under Section 51a(6) is due to MDE ***by October 14, 2013***. Failure to file the application by this date may result in forfeiture of these funds.

The State Board of Education approved amendments to the special education rules which took effect on July 1, 1987. While the Revised Administrative Rules for Special Education provided more flexibility to school districts in serving students with disabilities, some rules provided more stringent standards. In a few instances, these rules created costs in addition to what the districts would have incurred under the old rules. The Legislature has appropriated funds to reimburse districts for net-increased costs that occurred as a result of these revisions. These funds have been appropriated in Section 51a(6) of the State School Aid Act.

Attached is a copy of the criteria and procedures for reviewing claims under Section 51a(6) of the State School Aid Act regarding net-increased costs of implementing the July 1, 1987, Revised Administrative Rules for Special Education. Also attached is an application (Form SE-4747) for those districts that believe they have a claim based on these criteria. If you have any questions, please contact Rene Richardson by email at (RichardsonR2@michigan.gov), or by calling the Office of Special Education, Program Finance at (517) 241-1235.

JAA:RR:eh

Attachments

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CRITERIA AND PROCEDURES FOR REVIEWING CLAIMS UNDER SECTION 51a(6) OF THE STATE SCHOOL AID ACT REGARDING NET-INCREASED COSTS OF IMPLEMENTING THE JULY 1, 1987, REVISED ADMINISTRATIVE RULES FOR SPECIAL EDUCATION

Section 51 of the State School Aid Act contains the following subsection:

> Section 51a(6). From the amount allocated in subsection (1), there is allocated an amount not to exceed $2,200,000 each fiscal year for 2013-14 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate school district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

The revised special education rules provide more flexibility to districts in serving students with disabilities than the prior rules. Specifically, two (2) new rules were added to allow school districts to implement resource rooms for students with disabilities who need 50 percent or less of their day in special education and need two (2) or less of the instructional content areas of language arts, mathematics, science, and social services, taught solely by the resource room teacher. These rules will allow school districts to assign up to 18 different students to a resource room teacher at the elementary level and 20 students at the secondary level. The age span for students in special education programs housed in regular education buildings, other than students with severe cognitive impairment and severe multiple impairment, has also been expanded to provide more latitude in assigning students. These rules, in conjunction with other program options such as the departmentalized programs at the secondary level, should provide sufficient flexibility within each intermediate school district (ISD) to offset any additional costs required by the reduction in caseload in other special education areas.

In addition, school districts which have personnel with split assignments have an option for determining the maximum number of students a teacher can serve. Please make reference to Special Education Services official interpretation I-129, revised July 28, 1988 in your administrative manual with regard to this issue.

SPECIAL NOTE: As 1986-87 is the base line year for determining Section 51a(6) costs, school districts should maintain pertinent data for that year. This is particularly relevant with regard to teacher schedules and caseloads.

Fiscal Impact of the Revised Rules

There are 124 rules that govern special education programs and services in Michigan. There were revisions to 62 of these rules which took effect July 1, 1987. The primary fiscal impact is related to changes in the following program rules:

Rule	Title	Comment
R 340.1738	Programs for Students with Severe Cognitive Impairment	**Cost**: The 1980 rule allows for a maximum of 1 teacher, 4 instructional aides, and 24 students. The revised rule allows two options. The district may have a ratio of 1 teacher, 2 aides, and 12 students or a ratio of 1 teacher, 3 aides, and 15 students.
R 340.1740	Programs for Students with Mild Cognitive Impairment	**Cost**: The 1980 rule allows a maximum teacher caseload of 18 students at the elementary and secondary level. The revised rule would reduce the caseload to 15 and at the elementary level require an aide whenever there are 12 or more students in the classroom at one time.
R 340.1744	Programs for Students with Physical Impairment or Other Health Impairment	**Cost**: Prior to July 1, 1987, a district could have 15 different students in a program for students with physical impairment or other health impairment during each period. Under the revised rule, a teacher of students with physical impairment or other health impairment is allowed to serve a maximum of 15 different students with no more than 10 students in the room at any one time.
R 340.1745	Services for Students with Speech and Language Impairment	**Cost**: The revision decreases the caseload from 75 to 60.
R 340.1749a	Elementary Level Resource Program	**Savings**: An optional program is added to the rules. It allows up to 18 students per elementary resource room and 20 students per secondary resource room. This has potential for significant savings. Based on 1984-85 data, over 52,000 students with mild cognitive impairment, emotional impairment, and specific learning disabilities could be served in these programs.
R 340.1749b	Secondary Level Resource Program	
R 340.1751	Supervisor of Special Education	**Savings**: This rule allows ISDs to receive reimbursement for a half-time supervisor of special education. The 1980 rules limited reimbursement to full time special education administrators.

Criteria for Receiving Funds Under Section 51a(6) of the State School Aid Act

In order to qualify for funding under this section of the State School Aid Act, a district must provide evidence to the Department of Education of the following:

1. All alternatives for providing the required programs and services on a no net-increased cost basis have been reviewed and none are available.

   Section 1711 of the School Code states that the intermediate school district (ISD) is responsible for planning with its constituent districts for the delivery of special education programs and services. Therefore, districts anticipating costs associated with implementing the revised rules are expected to identify no net-increased cost or low net-increased cost alternatives wherever possible. These include cooperative efforts with local districts or other ISDs, special education plan modifications to alleviate administrative constraints, or efforts in seeking deviations or waivers where appropriate.

   Costs associated with the new rules, which can be relieved administratively or through reasonable cooperative efforts with another district, will not qualify for funding under Section 51a(6) of the State School Aid Act.

2. The district incurred net-increased costs to come into compliance with the revised rules. Only costs clearly and directly attributable to the new rules will qualify. These include the cost of additional personnel needed to implement the new rules. The following will not qualify:

   a. Costs that are solely the result of more students being determined eligible for special education including new special education students that transferred into the district.

   b. Expenses associated with optional or voluntary program changes; e.g., resource room.

   c. Charges necessary to bring the district into full compliance with 1980 rules.

   d. Expenses the district would incur regardless of the revised rules.

3. The implementation of the revised rules will create an increase in expenditures. Costs that were incurred by the district in prior years, even though they were for enrichment, do not qualify as net-increased costs.

   Example A: A district voluntarily employs 5 teacher aides in programs for students with mild cognitive impairment during the 1986-87 school year. Three of these aides are now required under the revised rules. The district may not claim reimbursement under Section 51 of the State School Aid Act for the 3 required aides since the district has not incurred any new costs. However, these aides will qualify under Section 52 of the act as required special education personnel.

   Example B: A district has a program for students with mild cognitive impairment with 15 students assigned to the teacher. The average number of students in the classroom during any period is 8. During 2 periods the district chooses to schedule 12 students. The district may not make a claim for the cost of an aide during these 2 periods unless it can be shown the appropriate assignment of the students could not otherwise be provided. Districts are expected to use reasonable administrative alternatives, such as adjusting schedules to comply with rules.

Example C: A district has a number of teachers for students with speech and language impairment. Caseloads have been assigned so that 2 of the teachers of students with speech and language impairment have had more than 60 students. The third has 30 students. The district may not make a claim for additional costs under these rules, since it has the option of assigning students to teachers of students with speech and language impairment to comply with the new student-teacher ratio.

4. There is a "net increase in necessary costs" as a direct result of implementing the new rules. The "net increase in necessary costs" means the necessary additional costs incurred solely because of the new administrative rules minus cost savings permitted in implementing the revised rules. Districts must review their program options and reconstruct programs in the most cost effective manner in order to make a claim under this section.

   Example: A district is able to reduce the need for one special education teacher by implementing the revised resource room rule. The district must employ an additional teacher of students with speech and language impairment because of the new rules. In this example, there is not a net increase in necessary costs since salaries saved in the one area offset the costs of employing the teacher of students with speech and language impairment.

PROCEDURES FOR MAKING CLAIMS FOR REIMBURSEMENT UNDER SECTION 51a(6) OF THE STATE SCHOOL AID ACT FOR DISTRICTS IMPACTED BY THE REVISED RULES

Districts which anticipate or which have incurred net-increased costs as a result of implementation of the new rules are urged to identify the claim for Departmental approval as soon as possible. This will allow the Department to rule on the claim and will provide the district with information needed for program planning and budgeting at the earliest possible date. To the extent possible, claims will be reviewed in the order in which they are received.

Procedures

1. The district will review the rule revision and identify any changes that have cost implication.

2. The district will review the implementation of program options available to reduce costs. These will include but are not limited to:

   a. Implementing resource rooms, departmental secondary programs, or making other cost saving changes authorized under the revised rules.

   b. Planning cooperative programming with other districts or the ISD.

   c. Reassigning nonresident students to other districts.

3. If after preliminary review the district determines there may be net-increased costs, the district will then identify savings created by the rules.

4. When costs exceed savings, the district should complete form SE-4747, "Request for Reimbursement for the Net Increase in Necessary Costs for Implementing the July 1, 1987 Special Education Rules."

5. Review the potential claim to determine if there are other options for complying with the revised rules without increasing costs. Local districts should do this with the ISD. These options include:

   a. Identification of other districts which could provide the required program or service.

   b. Availability of services from the ISD.

   c. Administrative alternatives such as increasing the age span for students with severe cognitive impairment and severe multiple impairment programs in the ISD Special Education Plan or seeking appropriate waivers or deviation.

6. If after consultation with the ISD the local district still anticipates a claim, the ISD will complete form SE-4747 and forward it to the Department.

7. The Department will review the claim:

   a. If the costs can be alleviated by an appropriate deviation or waiver, the Department will help the district process these according to existing criteria.

   b. Claims that do not meet the criteria will be returned to the district for further analysis. Districts may resubmit with additional information showing the claim meets the criteria.

   b. A program-fiscal review will be scheduled for districts that meet the criteria. The ISD will be invited to participate. The review will include an in-depth study of prior year operations to establish a cost and program base for determining the amount of the claim. It will include an in-depth review of fiscal records, program assignments, and options.

8. There will be a written finding of costs that may be charged to Section 51a(6) of the State School Aid Act and a description of conditions for determining and reporting these costs.

9. The Department will determine a preliminary estimate of costs for the school year. As soon as all claims have been reviewed, the district will receive a preliminary distribution of funds under Section 51a(6). A final adjustment will be made after the cost of the fiscal year. The Department will provide a form and procedure for reporting final costs.

10. Districts that are denied or which disagree with the amount of the Section 51a(6) allocation may appeal the funding to the Director of the Office of Special Education.

SE-4747
7/13

MICHIGAN DEPARTMENT OF EDUCATION
Office of Special Education
P.O. Box 30008
Lansing, Michigan 48909

AUTHORITY: Section 51a(6) of Act 94, PA 1979 as amended.
COMPLETION: Voluntary.

Direct questions regarding this form to Rene Richardson at (517) 241-4415.

REQUEST FOR REIMBURSEMENT FOR THE NET INCREASE IN NECESSARY COSTS FOR IMPLEMENTING THE JULY 1, 1987 SPECIAL EDUCATION RULES 2013-14 SCHOOL YEAR APPLICATION

EDUCATIONAL AGENCY	Legal Name of School District	District Code No.	Telephone - Area Code/Local No.
	Address	City	Zip Code

PURPOSE: To apply for 100% reimbursement of the net increase in necessary costs incurred by a district in implementing the revision in the Administrative Rules for Special Education that became effective July 1, 1987.

TIME LINES: Claim must be filed with the Department on, or before, October 11, 2013.

MAILING INSTRUCTIONS:

LOCAL DISTRICT CLAIM: (1) Send the ORIGINAL to the intermediate district.

(2) The ISD completes the intermediate section of the form within 15 working days of receipt. The ISD mails ORIGINAL to the State address above, returns ONE copy to the local district and retains ONE copy for ISD records.

INTERMEDIATE DISTRICT CLAIM: Mail ORIGINAL to the State address above and retain ONE copy for your records.

DIRECTIONS: Read the attached "Criteria and Procedures for Reviewing Claims under Section 51a(6) of the State School Aid Act" regarding net increased cost of implementing the July 1, 1987, revised Administrative Rules for Special Education.

CERTIFICATION: I certify that the information submitted on this form is true and correct to the best of my knowledge. This report was prepared in cooperation with the Business Office staff and the costs reported are proper charges to special education. All records and schedules (including time reports supporting proration of personnel) used in the preparation of this report will be kept for three years after the close of the fiscal year for audit purposes.

Date _____ Superintendent or Authorized Official _____ (Signature)

Contact Person _____ Telephone _____ Area Code/Local No.

Email Address _____

2013-14 APPLICATION
UNDER SECTION 51a(6) OF THE STATE SCHOOL AID ACT

DIRECTIONS: Complete a separate narrative report for each rule for which the district is making a claim. Specify whether the fiscal and program information is based on actual or estimated data. Additional pages may be used if necessary. **(Note: Districts making claims under rules 1738, 1740, 1744 and 1749 must complete the classroom schedule page.)**

1. Rule number under which the claim is being made R 340.17_____.
   Title of Rule _____

2. Did your district apply and receive funds for the 1987-88 school year? Yes _____ No _____
   If yes, please describe any changes in program, staff or costs from those approved last year.

3. Describe the program change required by the rule and the action(s) required to implement it that create a "net increase in necessary costs." If applying for reimbursement under R 340.1745, please include the district's projected total speech and language caseload for the year of application. Identify if the data on students and personnel is actual or estimated.

4. Describe how the "net increase in necessary costs" was determined and include fringe benefits in your projected costs. Please do a separate cost projection for each individual staff member and **identify each staff member by name, position and FTE**. Also, please prorate projected costs where applicable.

DISTRICT REPORT OF A CLAIM (continued)

5. Describe how the program operated during the 1986-87 school year. Include specific data (students, personnel, etc.) so that the Department can verify the program was in full compliance in 1986-87, and that the costs were not the result of changes in program or enrollment for which the district would have increased cost even if the rule had not changed. When reporting data on students, use the maximum number actually assigned during the 1986-87 school year. When reporting data on personnel, use the number actually employed as of June 30, 1987. Include personnel and students served regardless of funding source.

6. Describe the options that were considered and reason(s) for rejection.

7. Attach a copy of all deviations your school district was granted during the 1986-87 school year.

INTERMEDIATE SCHOOL DISTRICT REVIEW AND VERIFICATION OF A CLAIM UNDER SECTION 51a(6) OF THE STATE SCHOOL AID ACT*

DIRECTIONS: Review the rule number and claim being made for each rule. After reviewing the data, meet with the local district to determine if all options and alternatives for implementing the revised rules have been considered and that the application is consistent with the "Criteria and Procedures for Reviewing Claims under Section 51a(6) of the State School Aid Act." Complete a separate page for each rule.

1. This report pertains to _____ claim under R 340.17_____.
   (District's Name)

2. Date received from the local district. _____

3. Was the program in question in full compliance (no deviations, waivers or violations) for the 1986-87 school year?
   Yes _____
   If not, specify the areas of noncompliance and reasons why district received deviations, waivers or violations. Include the date the district came into full compliance.

4. Based on the data available to the intermediate district, does the request meet the criteria established under Section 51a(6)? Yes _____
   If not, list the criteria that have not been met.

5. Describe specific options reviewed to assure that all "no cost" or "low cost" options have been considered and the proposal is the most cost efficient option.

CERTIFICATION: I certify that the intermediate school district staff has reviewed the local district application and has discussed alternatives and options recommended by the ISD with the local district and that a copy of the completed form has been returned to the local district.

Date Signed _____ Superintendent or Authorized Official _____(Signature)

Date Completed _____ Contact Person _____ Telephone _____
Area Code/Local No.

Email Address _____

***This page is ONLY for ISD review of LEA claims.**

CLASSROOM SCHEDULE*

School Year 20_____

Teacher: _____ Name of LEA: _____ LEA Code #: (__ __ - __ __ __)

Aides: _____ Name of ISD: _____ ISD Code #: (__ __ - __ __ __)

_____

_____

_____

	Student Name	Age (Yr-Mo)	Grade	By placing an X, indicate the time that students are in this program by period: 1	2	3	4	5	6	7	8	FTE
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
15.												
16.												
17.												
18.												
19.												
20.												

*This page must be completed for claims under rules 340.1738, 340.1740 and 340.1744