



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

RICK SNYDER  
GOVERNOR

MICHAEL P. FLANAGAN  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

March 24, 2011

**MEMORANDUM**

TO: Intermediate School District Superintendents

FROM: Sally Vaughn, Ph.D. *Sally*  
Deputy Superintendent/Chief Academic Officer

SUBJECT: Tentative *Early On*<sup>®</sup> Funding FFY 2011 (7/1/2011-6/30/2012)

Please find attached a tentative distribution list by intermediate school district (ISD) for federal fiscal year (FFY) 2011 funding for *Early On*, Part C of the Individuals with Disabilities Education Act (IDEA). This is provided to you at this time to enable thoughtful decisions in time for your budgeting cycle and interagency contracts and agreements for the budget period beginning in July 2011. The final numbers will not be available until the U.S. Department of Education provides the Michigan Department of Education (MDE) with our total federal allocation in July. Recent history leads us to believe that our final share of federal funding will decline slightly because of the infant/toddler population decline in Michigan; this distribution is based on a February allocation projection to Michigan. Please note that many ISD service area allocations will change based on a change to the distribution formula.

History, Process, and Rationale for Change

Approximately six years ago, the MDE and its interagency partners entered into a process to thoroughly review and redesign *Early On* Michigan's early intervention program for infants and toddlers with disabilities and delays under Part C of IDEA. One of the major issues then, and continues to be, was the declining federal support to Michigan for this program. The federal allocation for Part C has been level-funded for many years. State allocations are based on the state's share of young children, and Michigan's declining population and birthrate have caused Michigan's share of the federal funding to decline over time.

Through the redesign process, and aided by hundreds of stakeholders, Michigan has determined to continue the cost split for local programs and statewide activities at an 80 percent/20 percent ratio, spreading the financial decrease. One major consideration in calling for the redesign was the dissatisfaction with the way local funds were allocated by a formula designed more than 15 years ago to implement a

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new system statewide. Each year, data reported to the MDE indicate that only about one-third of the children served in *Early On* are eligible for state special education funding to support the programs and services they receive. The two-thirds majority of children served by *Early On* have no entitlement funds other than the federal allocation. They are served by a variety of other local funds and through many agencies. The distribution formula resulted in children from some communities enjoying as much as \$6,000 per year in federal funding for their Part C activities, and other children being supported by as little as a few hundred dollars, not even enough to complete the required evaluation.

Due to dissatisfaction with this distribution formula, the Michigan Interagency Coordinating Council (MICC) established an Ad Hoc Budget Committee to look at the funding formula and propose a change. The committee determined that equity in funding for identified, eligible children across the state was the most important policy principle to consider. The committee consisted of stakeholders from across the state, MICC members, and interagency staff. The committee considered many funding scenarios and proposed funding for each ISD, for each fiscal year, based on the number of children served in the prior year, with no ISD to receive less than \$30,000. The MICC affirmed the principle of working toward equity, but did not accept this proposal, indicating that to achieve equity, distance must be taken into consideration. The MICC charged the committee to try again. The committee returned to the MICC with a proposal that divided ISDs into five size categories, and gives each ISD a block amount ranging from \$50,000 to \$150,000, based on size. The remaining funds are divided among ISDs based on the agreed upon federal percentage of children to be served (increases annually; traditionally it was 2.2 percent but will be 2.9 percent by 2012) multiplied by the ISD's share of the state's children birth through age two.

The MICC approved moving forward with this formula. Public hearings were held in March 2010 in Lansing and Marquette, and public comment was received until April 2, 2010. A total of 345 comments were received, with more positive than negative. The positive comments reflected parent concerns that under the current formula, their children were not receiving the same level of service as similar children in other parts of the state. Negative comments often addressed the equity issue, but still indicated that they did not want the level of service to their own children to be reduced. At its April 13, 2010 meeting, the State Board of Education approved proposing the change to the Office of Special Education Programs in the U.S. Department of Education, and it was submitted and approved as part of the Annual Part C application. In October 2010 the State Board of Education approved implementation of this formula for FFY 2011.

Although the formula distributing funds does not provide equity in providing exactly the same amount per child statewide, it does close that gap while still recognizing that part of the disparity is recognizing additional costs in service provision when distances are great.

Page 3  
March 24, 2011

We hope that early notification of anticipated funding levels will help in your regional planning. Please contact Vanessa Winborne, Part C Coordinator, at [winbornev@michigan.gov](mailto:winbornev@michigan.gov) or 517-335-4865 with questions about this issue.

Thank you again for your continued service to our most vulnerable young children through *Early On*.

Enclosures

cc: Michigan Education Alliance  
*Early On* Coordinators  
ISD Special Education Directors  
ISD Early Childhood Education Directors

Michigan Proposed Intermediate School District Funding Formula for *Early On*<sup>®</sup>  
Informational Results of Public Participation [34 CFR §§303.110 through 303.113]

**Data Regarding the Funding Formula:**

- Intermediate school districts (ISDs) receive 80% of the state award from the U.S. Department of Education, Office of Special Education Programs
- The federal target estimates that a minimum of 11,014 children (2.2%) are eligible and should be served

The ISD award for Fiscal Year 2010-2011 is **\$9,751,070**.

Of the 11,014 children to be served, **41%** (4,478) live in Wayne, Oakland, and Macomb counties. (**41%** of the ISD award equals **\$3,997,938**)

- Wayne, Oakland, and Macomb under the current formula received **\$2,053,556** (which equals approximately **21%** of the ISD award)
- Wayne, Oakland, and Macomb under the proposed new formula will receive:
  - a) \$150,000 each = \$450,000
  - b) \$506.12 per child (4,478 x \$506.12) = \$2,266,405Thus Wayne, Oakland, and Macomb will receive (a + b) a total of **\$2,716,405** (which equals approximately **28%** of the ISD award)

This example illustrates that although the new formula does not reach total fiscal equity, it moves the state in the right direction while preserving some funds to recognize greater costs in rural areas due to required travel time.

**Results of Participation**

A total of **345 comments** were received regarding the proposed new funding formula for local *Early On* programs. There were a total of **188 comments in favor (54%)** and **157 comments opposed (46%)** to the proposed policy change.

**Comments in favor:**

- Large urban areas have been underfunded for many years.
- The funds should follow the children.
- There should be a fair percentage of the funds allocated where the children reside.

**Comments opposed:**

- The proposed formula will cut funding to some programs too drastically.
- It does not reward performance; it rewards underperformance.
- The geographic challenges in rural Michigan need to be considered.

## ESTIMATED Early On Allocations for FY 2011-2012

Calculations are based on the estimated Federal Award Amount for Michigan as posted on

<http://www2.ed.gov/about/overview/budget/statetables/index.html>

As of 02/11/2011

ISD	SERVICE AREA	Block Amount	Estimated Target 2.8% of Period Births	Estimated Amount Per Period Birth 373.238	Estimated 2011/12 Award Amount	2010/11 Award Amount	Change From 2010/11 Awd To 2011/12 Est
03	Allegan	80,000	169.148	63,132	143,132	142,238	894
04	AMA	50,000	49.280	18,393	68,393	67,324	1,069
08	Barry	65,000	78.176	29,178	94,178	81,634	12,544
09	Bay-Arenac	80,000	156.380	58,367	138,367	162,833	-24,466
11	Berrien	80,000	233.800	87,263	167,263	214,749	-47,486
12	Branch	50,000	67.788	25,301	75,301	103,597	-28,296
13	Calhoun	80,000	206.500	77,074	157,074	139,593	17,481
14	Lewis Cass	50,000	58.156	21,706	71,706	76,195	-4,489
15	Charlevoix-Emmet	50,000	70.560	26,336	76,336	88,914	-12,578
16	C-O-P	65,000	72.940	27,224	92,224	80,359	11,865
17	Eastern U.P.	50,000	59.836	22,333	72,333	103,434	-31,101
18	Clare-Gladwin	50,000	67.844	25,322	75,322	89,735	-14,413
19	Clinton	65,000	89.824	33,526	98,526	112,400	-13,874
21	Delta-Schoolcraft	50,000	52.444	19,574	69,574	93,204	-23,630
22	Dickinson-Iron	50,000	39.984	14,924	64,924	80,969	-16,045
23	Eaton	65,000	127.848	47,718	112,718	113,549	-831
25	Genesee	150,000	665.896	248,538	398,538	354,726	43,812
27	Gogebic-Ontonagon	50,000	21.868	8,162	58,162	71,106	-12,944
28	TBA	80,000	202.356	75,527	155,527	167,454	-11,927
29	Gratiot-Isabella	65,000	136.276	50,863	115,863	134,239	-18,376
30	Hillsdale	50,000	63.868	23,838	73,838	122,265	-48,427
31	Copper	50,000	57.316	21,393	71,393	77,992	-6,599
32	Huron	50,000	36.372	13,575	63,575	73,182	-9,607
33	Ingham	125,000	401.968	150,030	275,030	356,059	-81,029
34	Ionia	65,000	93.632	34,947	99,947	137,359	-37,412
35	Iosco	50,000	23.716	8,852	58,852	71,306	-12,454
38	Jackson	80,000	225.428	84,138	164,138	180,781	-16,643
39	Kalamazoo Valley	125,000	353.892	132,086	257,086	236,113	20,973
41	Kent	150,000	1046.220	390,489	540,489	586,421	-45,932
44	Lapeer	65,000	104.832	39,127	104,127	124,735	-20,608
46	Lenawee	65,000	132.692	49,526	114,526	139,046	-24,520
47	Livingston	80,000	209.188	78,077	158,077	163,577	-5,500
50	Macomb	150,000	1108.800	413,846	563,846	531,060	32,786
51	Manistee	50,000	26.040	9,719	59,719	70,822	-11,103
52	Marquette-Alger	65,000	81.424	30,391	95,391	102,070	-6,679
53	Mason-Lake	50,000	49.588	18,508	68,508	77,100	-8,592

ISD	SERVICE AREA	Block Amount	Estimated Target 2.8% of Period Births	Estimated Amount Per Period Birth 373.238	Estimated 2011/12 Award Amount	2010/11 Award Amount	Change From 2010/11 Awd To 2011/12 Est
54	Mecosta-Osceola	65,000	82.600	30,829	95,829	88,017	7,812
55	Menominee	50,000	25.704	9,594	59,594	68,050	-8,456
56	Midland	65,000	99.596	37,173	102,173	124,919	-22,746
58	Monroe	80,000	178.892	66,769	146,769	203,007	-56,238
59	Montcalm	65,000	90.832	33,902	98,902	107,877	-8,975
61	Muskegon	80,000	266.644	99,522	179,522	174,305	5,217
62	Newaygo	50,000	72.352	27,005	77,005	93,345	-16,340
63	Oakland	150,000	1594.292	595,050	745,050	613,762	131,288
64	Oceana	50,000	43.428	16,209	66,209	73,828	-7,619
70	Ottawa	125,000	392.028	146,320	271,320	355,113	-83,793
72	COOR	65,000	67.480	25,186	90,186	92,945	-2,759
73	Saginaw	125,000	283.780	105,917	230,917	234,115	-3,198
74	St Clair	80,000	216.944	80,972	160,972	163,885	-2,913
75	St Joseph	65,000	106.652	39,807	104,807	106,113	-1,306
76	Sanilac	50,000	56.784	21,194	71,194	79,305	-8,111
78	Shiawassee	65,000	91.728	34,236	99,236	122,276	-23,040
79	Tuscola	65,000	69.496	25,939	90,939	83,223	7,716
80	VanBuren	65,000	117.096	43,705	108,705	158,274	-49,569
81	Washtenaw	125,000	456.904	170,534	295,534	270,477	25,057
82	Wayne	150,000	2995.916	1,118,190	1,268,190	911,796	356,394
83	Wexford-Missaukee	50,000	68.936	25,730	75,730	98,298	-22,568
	TOTALS:	4,280,000	14,020	5,232,786	9,512,786	9,751,070	-238,284

					TOTAL	11,876,130
		Adjusted to Match Current Federal Estimate	0.801	PERCENT	TO LOCAL BLOCK Service Need	9,512,780 4,280,000 5,232,780