



Criteria for on the Ground Child Caring Institutions and Juvenile Detention Facilities

Michigan Department of Education

Office of Special Education

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Criteria for on the Ground Child Caring Institutions and Juvenile Detention Facilities

Criteria for direct funding public school programs serving pupils on the grounds of child caring institutions and juvenile detention facilities.

(Revised August 2022 for the 2022-2023 School Year)

Purpose

This document is designed to provide standards for reimbursing public school districts under various provisions of Section 24 of the State School Aid Act for pupils who, by court order or Department of Health and Human Services (DHHS) assignment, reside or are educated on the grounds of a juvenile detention facility or child caring institution. These are facilities licensed by the DHHS or the Department of Licensing and Regulatory Affairs (DLRA), as child caring institutions providing residential care and/or treatment services to children and adolescents.

For 2022-23, districts operating educational programs under Section 24 of the State School Aid Act will be reimbursed on the lesser of the district's approved added costs or the approved per pupil allocation.

Districts will continue to use the enclosed criteria to determine the amount of "approved" costs eligible to be reimbursed under Section 24. The eligible "approved" costs will continue to be calculated in the same format as in previous years, using the ratios for staffing developed in this document. From the "approved" costs, the Michigan Department of Education (MDE) will deduct "all other revenue received under this act" to determine added costs. This is the same procedure as done in past years and the types of revenue deducted would continue to be foundation allowance, Section 53a, Section 51a or Section 51a3.

The MDE's approved per pupil allocation will be calculated by taking the total full-time equivalency (FTE) upon which membership is paid for the year for pupils funded under Section 24 and divide that total into the \$7,650,000 appropriation.

As you can see it is imperative that the district accurately report their pupil membership enrolled in these programs on the Michigan Student Data System (MSDS). The district

will need to work with the Intermediate School District (ISD) pupil accounting auditor to ensure the FTE reported is accurate as it will affect revenue paid to the district.

This reimbursement methodology will affect revenue paid to districts with the February 2023 payment. The data used to make the preliminary distribution of state school aid will be the district's 2021-22 approved final costs from form SE-4824 Section 24 Actual Cost Report and the district's blended membership count from the 2020 calendar year.

Eligibility Criteria

Funding is limited to pupils who meet all of the following criteria:

1. The pupils are educated on the grounds of a facility licensed by the DHHS or DLRA as a child caring institution. Pupils in facilities with a day care or foster care license do not qualify.
2. The pupils are educated in the facility by order of a court or DHHS. Pupils placed by their parents, community mental health, or private agencies do not qualify.
3. The pupils' behavior plan requires them to remain on the grounds for their educational hours and confined to the facility or home for all non-educational hours. State and federal civil rights regulations, as well as the state special education rules, require placement of pupils in the least restrictive environment.

Funding Sources

Public school districts that are approved to operate educational programs on the grounds of a juvenile detention facility or child caring institution have a number of funding options:

1. Collect the educating district's foundation allowance. Effective with the 1996-1997 school year, Section 3(6) and Section 6(4) (d) of the State School Aid Act authorize the educating district to collect its foundation allowance for pupils residing in a juvenile detention facility or a child caring institution. (This is the foundation allowance of the district in which the facility is located.)
2. Apply for federal funds under Every Student Succeeds Act (ESSA) Title I Part D funding.

3. Qualify for special education categorical aid. Section 51a of the State School Aid Act authorizes funding to districts that employ special education approved teachers to provide the instruction to all youth placed in a juvenile detention facility or child caring institution approved by the MDE to provide an on-grounds educational program. The cost of educating special education pupils in Section 24 facilities are included in the determination of the state's obligation to reimburse districts for 28.6138% of the total necessary costs of special education under Section 51a and may generate funds in addition to the foundation allowance paid for these pupils.
4. Claim Section 53a funding using the standard procedure identified in the directions for the Special Education Actual Cost Report (Form SE-4096). Programs approved to operate on the grounds of a juvenile detention facility or child caring institution may be approved to charge a portion of the costs to Section 53a based on the portion of eligible Section 53a pupils. The portion of costs billable to Section 53a are calculated by dividing the total fall pupil membership count into the Section 53a membership count. Section 53a funding is limited to eligible special education pupils with an IEP. Pupil costs reimbursed under Section 53a shall not be reimbursed under Section 24.
5. Claim 100 percent of the added cost for education programs under Section 24 of the State School Aid Act. Added cost is computed by deducting all other state revenue received under the State School Aid Act, including the foundation allowance, Section 51a, Section 51a(3), Section 53a, Section 22b and Section 51c funds from the total approved expenditures.

Requesting Approval for Section 24 and Section 53a Funding

School districts must be approved by the MDE to operate programs on the grounds of juvenile detention facilities or child caring institutions to receive funding under either Section 24 or Section 53a of the State School Aid Act prior to the first year of operation. In the initial year, the district must submit a written request for Section 24 and/or Section 53a funding to the MDE and receive approval to operate a program on the grounds of a juvenile detention facility or child caring institution. The MDE may do periodic reviews to assure the program continues to meet the requirements for educating pupils in a restricted setting.

Direct written requests for the program’s initial year for Section 24 or Section 53a funding to: Michigan Department of Education, Office of Special Education (OSE), P.O. Box 30008, Lansing, Michigan 48909. The request must contain the following:

1. The name and location of the juvenile detention facility or child caring institution.
2. The number of beds approved by the DHHS.
3. Evidence of DHHS or DLRA license. Further, if facilities have been added for educational purposes (not residential) please include evidence of approval by fire marshal and health department offices.
4. Other demographic or program information that will assist the MDE to facilitate the district’s education program for adjudicated youth.

The MDE staff will contact the district and arrange an on-site visit to review the program for approval. A copy of the program approval criteria is available from the OSE upon request.

Criteria for Approving Costs

Funding is contingent upon the submission and approval of the Section 24 Actual Cost Report that is within the cost criteria that follow and a continuation of operation letter as described on page 6.

These criteria will be used by the MDE in establishing preliminary state aid payments under Section 24 of the State School Aid Act.

Districts may not arbitrarily assign staff to these programs based on factors designed to place the highest salaried staff in these state 100% funded programs.

The percent of part-time staff that can be charged to Section 24 or Section 53a will be calculated using the lessor of 200 days or the number of days the district operates regular school year programs. These ratios apply to contract staff, as well as those employed by the district.

Example. *The district qualifies for a liaison person to be employed 60 days. The district operates programs for 200 days. The district could claim 30 percent of the liaison person’s salary and fringe benefits (60 divided by 200).*

Ratios and multiples are subject to review by the MDE. **Costs beyond these ratios must be assumed by the district.**

1. **Teacher to Student Ratio.** Districts will be funded based on the number of full-time equated pupils, enrolled on the October pupil count, for either:
 - a. 1 teacher for each 8 or more pupils, or
 - b. 1 teacher, 1 paraprofessional for each 10 or more pupils
2. **School Liaison.** The district may assign staff to liaison with the institution, coordinate IEPs, provide supervision, or otherwise help coordinate the program operated on the grounds of the child caring institution. Three days of liaison staff time will be funded for each pupil based on the number of licensed bed(s) or number of pupil(s) enrolled on the February count date whichever is greater with a maximum of one liaison per facility. This person may be a supervisor, principal, teacher consultant for students with disabilities, or other professional who carries out this activity on either a full or part-time basis. The liaison staff person must be on-site for the time funded. The district's director of special education may not be reimbursed from Sections 24 or 53a to carry out this function.

Please be advised that persons who are not special education approved persons may not be funded under Section 52 or Section 53a. Such persons will be funded under Section 24. Please list the name of the person functioning as the school liaison and whether the person holds special education approval and the type of such approval.

***Example:** A facility which anticipates providing education to 20 students or has 20 licensed beds will have a maximum of 60 days of liaison staff (20 student beds x 3 days each).*

3. **Secretarial Staff.** Three days of clerical time will be funded for each licensed bed or for each pupil enrolled on the February count date whichever is greater with a maximum of 1.5 FTE per facility. To qualify for Section 24 funding, the staff must be housed on the grounds of the child caring institution for the time periods funded.

Districts should be able to distinguish when the secretary is dealing with educational records which are funded under Sections 52, 53a and 24 and when

the record keeping is a “facility” treatment function which should be paid for by the facility.

4. **Diagnostic Personnel.** A maximum of two days of diagnostic time during the detention/placement period will be funded for each new pupil for the services of a teacher consultant for students with disabilities, school psychologist, school social worker, or school counselor.

In addition, a school social worker may be reimbursed for a maximum of two days for each new pupil referred to special education suspected of being emotionally impaired.

The district must keep records showing the actual time spent in the on-grounds program by diagnostic personnel on a pupil-by-pupil basis for audit purposes.

Example: A facility anticipates evaluating 120 pupils. The district wishes to employ a school psychologist to handle this function. The district will be approved for a maximum of 240 days (120 pupils x 2 days each) of this service.

The costs for the school counselor position may not be charged to Section 52 or Section 53a since such positions are not approvable under the special education administrative rules. Such costs will be reimbursed under Section 24 only.

5. **Special Education Ancillary and Related Services.** Services are to be billed on the actual time the staff works in the facility to meet the requirements for services established in each pupil’s IEP. The district must keep records showing the actual time spent in the on-grounds program by personnel on a pupil-by-pupil basis for audit purposes.
6. **Instructional Costs.** These costs include supplies, professional development, non-staff purchased services, and capital outlay. Districts will be reimbursed a maximum of \$400 per pupil. This can be based on the number of residential pupils the facility is licensed to serve or the number of pupils educated on the February count date, whichever is greater. Instructional costs include items listed in the Special Education Allowable Expenditures for State and Federal Funds under object codes 3000 through 6000.
7. **The following costs are not reimbursed:**

- a. **Rent and Other Overhead Expenses.** The child caring institution is responsible to provide facilities which meet the requirements of the Fire marshal and health department for classroom space as a condition for serving pupils on the grounds. School districts may not claim any charge for rent. DHS reimburses the facility for its operation and maintenance.
- b. **Pupil Transportation.** Transportation is not funded under Section 24. Special education day pupil transportation is funded under Sections 53a or 51a of the State School Aid Act.

Required Length of School Year

Programs must be scheduled the minimum number of days and the minimum number of clock hours of instruction required by the State School Aid Act. For the 2022-23 school year, the number of hours required is 1,098. The program will be funded to operate the same number of days and hours approved for the district's regular K-12 programs.

Intermediate school districts may schedule the special education program housed at the child caring institution or at a juvenile detention facility the same number of days and hours provided for a program for students with moderate cognitive impairment but will not be reimbursed out of Section 24 for more than 200 days of instruction.

Costs for programs in excess of the 200 days are considered summer or enrichment programs and are not eligible for reimbursement under Section 24. In regards to summer programs for incarcerated youth, many districts are using Title I monies, contracting with the court or sponsoring agency for financial assistance or securing funds from private or public endowments.

Reporting Final Costs

1. Each district applying for categorical aid under Sections 24 or 53a of the State School Aid Act must set up a cost center in its accounting system for each child caring institution and juvenile detention facility.
2. The operating district will be responsible to include a detailed list of expenditures charged to Section 52 and Section 53a on the Special Education Actual Cost Report Form SE-4096, which outlines expenses by function and object code.

3. Diagnostic and other split-funded personnel must keep a record of the pupils evaluated and the time spent on each evaluation. The criteria found in Attachment A must be used to allocate final costs among Section 24, Section 52, and Section 53a.
4. Documentation of costs must be maintained so that the MDE can audit expenditures charged to Sections 24, 52, and 53a of the State School Aid Act. The district must also keep pupil attendance records in a format consistent with the State Board of Education's Pupil Membership Accounting and Auditing Manual. These records are also subject to review by the intermediate school district and the MDE pupil accounting auditors.
5. It is anticipated that these programs will be audited by the MDE at least once every three years.

Application Process and Reporting Requirements

Public school districts approved to operate a program on the grounds of a child caring institution or a juvenile detention facility in the 2022-23 year need only submit a letter indicating they will continue to operate the program in the 2022-23 school year. Preliminary payments for these districts will be the final approved payment the district received for the 2021-22 year as adjusted for the final reported cost.

Requests for program or technical assistance information should be directed to:

Cindy Keller, Financial Manager
Michigan Department of Education
Office of Special Education
P.O. Box 30008
Lansing, Michigan 48909
Program Finance Telephone: 517-335-0450

Attachment A

Section 24 of the State Aid Act

Section 24 of the State School Aid Act for the 2022-23 school year reads in part as follows:

1. From the state school aid fund money appropriated in section 11, there is allocated for 2022-2023 an amount not to exceed \$7,650,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of health and human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of health and human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district is calculated as prescribed under subsection (2).
2. The department shall allocate the total amount allocated under this section by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per-pupil allocation for the district or intermediate district. For the purposes of this subsection:
 - a. "Added cost" means 100% of the added cost each fiscal year for educating all pupils assigned by a court or the department of health and human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of health and human services or the department of licensing and regulatory affairs and approved by the department to provide an on-grounds education program. Added cost is computed by deducting all other revenue received under this article for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.
 - b. "Department's approved per-pupil allocation" for a district or intermediate district is determined by dividing the total amount allocated under this section for a fiscal year by the full-time equated membership total for all

pupils approved by the department to be funded under this section for that fiscal year for the district or intermediate district.

3. A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.
4. Special education pupils funded under section 53a are not funded under this section.

Attachment B

Part Time Special Education Personnel

Subject: Accounting for the Time of Special Education Personnel Who are Assigned Part Time to Regular Education Programs

Purpose

This memorandum identifies the criteria and methods to be used by districts in meeting their obligation for documenting the time that staff persons with a split assignment are claimed for special education categorical reimbursement.

Personnel Qualifications

Section 51a(7)(a) of the State School Aid Act reads in part:

....Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services are reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

As indicated above, only “approved personnel” may have a split assignment. “Approved personnel” include special education teachers, teacher consultants for students with disabilities, and supportive professional personnel such as school psychologists and social workers, occupational and physical therapists, and other professional personnel approved by the MDE under R340.1792 of the Michigan Administrative Rules for Special Education (MARSE).

Intermediate School District directors of special education must be assigned full time pursuant to R340.1750(2) of the MARSE.

Local Educational Agency or Public School Academy directors of special education and special education supervisors must be assigned at least half time to special education administration as required by R340.1750 and R340.1751 of the MARSE.

Criteria

Special Education approved personnel with split assignment qualify for reimbursement during the time they are evaluating or providing service exclusively to special education students. A student is considered to be a “special education student” from the time the parents sign the referral form until the student is determined no longer eligible for special education through the Individualized Education Planning Committee process or reaches 26 years of age as of September 1.

Methods for Prorating Costs

Proration by the Number of Hours Students are Served

This method is recommended for teachers and other staff providing instructional services. This method requires counting the total number of hours each staff person with the split assignment works with students and divide that into the number of hours spent working exclusively with special education eligible students. This formula will identify the percent of cost for the special education person with the split assignment that will qualify for special education categorical reimbursement.

Formula:

Hours with Special Education Students ÷ Total Hours with Students = % Reimbursable

The school district will be responsible for maintaining an assignment schedule for each approved person to verify the number of hours worked with special education students.

If this method is used with teacher consultants for students with disabilities, teachers of students with speech and language impairment, or other special education personnel with a flexible schedule, the district will be responsible for maintaining a log which will identify the special education students served by name, the building of assignment, and the amount of time the student received service from the special education staff person with a split assignment. If the assignment varies from month to month, a sample may be used. A sample should be taken once each semester. The worksheets for the Pupil Membership Count, are acceptable documentation for October if that month is used in the sample.

Example: A teacher with a split assignment is contracted to work six hours a day. The teacher spends one (1) hour in preparation and five (5) hours of instruction. Two (2)

hours are spent with special education students with the remaining three (3) hours being spent with regular education students. Using the above formula, we find that the teacher is assigned 40 percent of the time to special education ($2 \div 5 = 40\%$). This teacher would be reported as 0.4 FTE professional personnel on the SE-4096 Final Cost Report and the teacher's salary and fringe benefits would be multiplied by 0.4 to determine the amount of salary claimed on the final cost report for special education reimbursement.

Proration by Caseload

This method is used for school psychologists, school social workers, and other special education personnel whose activities require a flexible daily schedule. The total number of students served during the year is divided into the number of special education students. The resulting percentage is the amount of time that can be charged to special education for categorical reimbursement under Article 5 of the State Aid Act.

Formula:

Special Education Students Served \div Total Students Served = % Reimbursable

School psychologists, school social workers, teachers of homebound and hospitalized services, or other special education personnel with split assignments using this method will maintain a roster showing the name of each student served and will identify whether the student is a regular education student, special education student, or a special education referral.

Example: A school psychologist sees 110 students during the year. Fifty-five (55) of these students are either special education referrals or referred for re-evaluation. The district will claim this person on the SE-4096 as 0.5 ($55 \div 110 = 50\%$) professional and will multiply the psychologist's salary and fringe benefits by 0.50 to determine the amount of the psychologist's salary and fringe benefits that will be included for reimbursement on the SE-4096.

Proration by Function

This method is used for special education directors and supervisors. The district must use a reasonably accepted method to validate the time charged to special education.

Split time allocation: This method is where a block of time is set aside where only one (1) job function occurs.

Example: The district assigns a person to administer special education and transportation. From 6:30 a.m. to 8:30 a.m. the administrator works out of the bus garage; from 8:30 a.m. to 1:30 p.m. she works out of the special education office; from 1:30 p.m. on she handles transportation issues. Transportation issues are scheduled from before 8:30 a.m. or after 1:30 p.m. The work of the two programs is kept physically separated.

Formula:

Hours in Special Education Office ÷ Total Hours Worked = % Reimbursable

Daily log: A log listing the special education activities and time it takes is kept. Hours spent on special education are listed along with total hours worked. Activities such as staff meetings and conferences, which are not exclusively related to special education, are not counted.

Formula:

Hours Working on Special Education ÷ Total Hours Worked = % Reimbursable

The district must maintain sufficient records for a monitor or auditor to be able to verify the amount charged to special education.

Claims for state aid may not be made based on estimates, assignments, contracts, other methods that cannot be measured and verified.

Intermediate School District Responsibility for Reviewing Costs

Each ISD is expected to review the SE-4096 final cost report to ensure that:

1. All programs that are being claimed for reimbursement are approved in the ISD plan as required in Section 52 and Section 53a of the State School Aid Act, and to notify the MDE of any special education programs or services that are claimed for reimbursement and not approved in the ISD plan.

2. Notify the MDE of any personnel who are teaching without a certificate or who are providing special education ancillary and related services without approval of the MDE in accordance with Section 1233(2) of the School Code of 1976.

Intermediate districts that check the costs reported by local districts as a condition for providing intermediate millage reimbursement under R340.1811 should notify the OSE if they feel that a district's method for claiming state aid on a person who has a split assignment is inconsistent with the State Aid Act or does not provide an accurate reflection of the amount of time spent with special education students.

Technical Assistance

Questions regarding split-funded positions or procedures for documenting costs for split-funded personnel should be directed to the Michigan Department of Education, Office of Special Education, PO Box 30008, Lansing, Michigan 48909, or you may call 517-335-0450.