

# Special Ed Funding Update

November 25, 2024



# Background

Background

ISD Special Education Plan Changes

- Phase 1
- Phase 2

Impact to Okemos

Unknowns

# Background

## Special Education (SE) Funding Sources

- Federal
- State
- Local (*focus*)

## Local Funding through SE Millages

- All 56 ISDs in Michigan levy
- Revenue varies, # of mills levied & taxable value of property
- Ingham ISD levies 4.7384 millage (3rd highest)
- 2023-24 Generated \$52.5M of the total \$99.1M in ISD SE revenue
- SE formula which allocates resources to local districts

# Special Education Funding Formula

- SE Funding Committee (then and now)
  - Established by Superintendents Roundtable
  - Cross-functional group of school officials (Supt's SE Dir's, Business Officials)
  - Main purpose is to provides ongoing review and modifications to the formula
  - Then: clear process from topics to how decisions made
- Main Components of Formula, prior to changes
  - # of SE students
  - GE FTE
  - Enhancement for small districts
- Formula provides a “pot” of money to help offset SE costs
- Okemos receives approx. \$5.9M

# How Are SE Funds Used?

- Restricted for use in special education:
  - SE Programs: teachers & paraprofessionals
  - SE Services: SLP, SSW, OT, PT, TC's
  - Specialized transportation
  - Materials needed to meet specialized instructional need

# ISD Special Education Plan Changes: Phase 1

- Lawsuit in Genesee County
  - Very large portion of formula allocated using K12 FTE
  - State Superintendent ruling
- Spring 2024 Committee Meetings
  - Primary focus: K12 Allocation
  - Frustrations with process
  - Multiple scenarios reviewed, narrowed to 2
  - 1 clearly preferred, both taken to Superintendents Round Table

# ISD Special Education Plan Changes: Phase 1

- Final Decision Process
  - Round Table split vote 5 to 6(funding committee preferred), 2 abstained
  - Superintendent Mellema brought to ISD Board on May 21, 2024
  - ISD Board voted to move forward with non-preferred option
  - ISD Submitted Plan to MDE at the end of May
  - November 2024 MDE approval

# ISD Special Education Plan Changes: Phase 2

- September 27, 2024 County Wide Meeting
  - All Superintendents, SE Directors, Finance Directors
  - Broader focus, revamp whole allocation system
  - ISD Proposed New Formula Concepts, no financial estimates provided
  - Districts were asked to provide feedback
    - Formula more complicated
    - One component not consistently captured across districts
    - Concern same program may provide more funding if operated by ISD vs local
    - Inherent philosophical concerns regarding some components
- 10/21/24 ISD Shared 2 Revised Options w/minor tweaks & Estimated Financial Impacts



# ISD Special Education Plan Changes: Phase 2

- Decision Timeline

	Original	Revised
Revised Options	10/21/24	10/21/24
Round Table	10/23/24	11/20/24
ISD Board Information	11/18/24	12/17/24
ISD Board Action	12/17/24	1/21/25

# ISD Special Education Plan Changes: Impact to Okemos

	<b>Phase 1</b>	<b>Phase 2</b>
Estimated Impact	\$470,000	\$700,000 (add'l)
2024-25	no change	no change
2025-26	✓	no change
2026-27	✓	✓

## Transition adjustment

- Smooth financial impact of change over multiple years
- Unknown if/how

# Still Unknown

- Beekman impact of transition to ISD
  - Aging facility and infrastructure
  - No finalized plan to fund needed improvements
- ISD SE Fund Balance
  - Separate from General Fund
  - Unique, not similar to other fund balances due to \$'s to locals
  - Current very small, <1% of operating expenses
  - ISD intent to build 12-15% before 2026-27 (\$6M)