

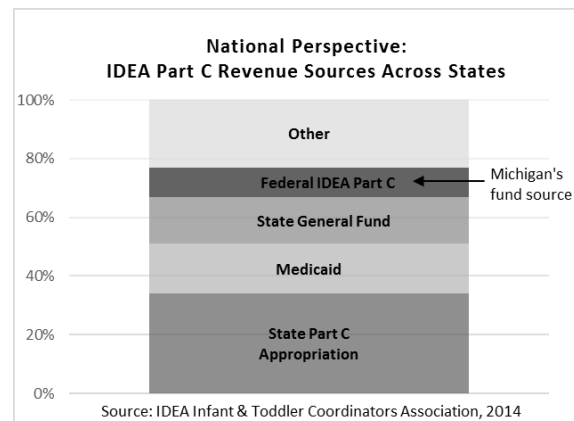
April 20, 2015

Better Financing *Early On*® Michigan Early Intervention

Early On, Michigan's program for the federal Individuals with Disabilities Education Act – Infants and Toddlers with Disabilities Program (IDEA Part C), provides early intervention services to families with infants and toddlers birth to age three who have a developmental delay or disability. National estimates indicate that of all young children who receive appropriate early intervention services, 37% of those children will not need special education services when they enter preschool and 42% will not need special education services by the time they reach kindergarten.

Currently, Michigan receives \$11.8 million in federal IDEA Part C funding, which averages to about \$639 per child annually. This has proven insufficient to support appropriate intervention from trained professionals that provide services such as speech therapy, physical therapy, or special instruction. Local and intermediate school districts are left to supplement the funding utilizing state special education dollars (for the 40% of *Early On* eligible children who are also eligible for special education) and local millage dollars not consistently available across the state. Funding for *Early On* is so low that services are funded at just five percent the level of similar programs in peer states throughout the nation. And in fact, a November 2013 State of Michigan Auditor General Report of *Early On* found serious deficiencies in the system due to being drastically underfunded and inconsistently funded across the state. The bottom line: Michigan does not adequately invest in *Early On*, particularly for the 11,000 or 60% of children who are not eligible for special education, though this investment can ensure that children receive the appropriate early intervention services they need while saving taxpayer dollars.

Funding Opportunities: In 2014, the national Infant and Toddler Coordinators Association conducted a finance study surveying all states on how they finance their IDEA Part C services. That study found that nationally, Medicaid is the second largest source of revenue for IDEA Part C services, the first being state appropriations for IDEA Part C – neither of which are utilized or appropriated in Michigan. In fact, the three largest sources of revenue for IDEA Part C across the states do not currently support *Early On* in Michigan.



Recommendations:

1. Begin appropriating state dollars to support *Early On*. While it is estimated that \$100 million is needed to adequately fund *Early On*, Michigan currently spends \$11.8 million while appropriating almost \$1 billion in special education annually. However, federal IDEA Part C funding is intended to assist states with identifying eligible children and to support service coordination, and not designed to be the first or only funds for service delivery. Up-front investment in early intervention can dramatically reduce special education costs while helping more children reach optimal development at kindergarten entry.
2. Conduct a study to identify how Michigan can maximize federal Medicaid funds to support *Early On*. Michigan's Federal Medicaid Matching Rate (FMAP) is nearly 66% meaning that for every \$1 million we spend on *Early On*, we can draw down nearly \$1.66 million in federal Medicaid funds. Children receiving *Early On* services receive an Individualized Family Service Plan (IFSP) that identifies the appropriate evidence-based interventions that the child needs. Currently, 25 states report that all individualized intervention services laid out in the IFSP can be paid for by Medicaid. Michigan needs to identify how to shift the state's Medicaid rules to do the same.