

January 2016

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. Michigan receives \$11.8 million in federal IDEA Part C funding to serve approximately 18,000 children. Of those children, about 40% are also eligible for Michigan mandatory special education (MMSE) due to the level of their developmental delays while the majority of *Early On* children are only eligible for *Early On* services and not more intensive special education services. However, the children who are "*Early On* only" are the children who, with adequate intervention, can developmentally "catch-up" and not need special education services later on.

The federal IDEA Part C funding supports states with identifying eligible children and to support service coordination, and not designed to be the first or only funds for service delivery. With the creation of IDEA Part C, it was intended that states would provide funding to support service delivery; however Michigan never invested in Part C *Early On*. This reliance on federal funds has proven insufficient to support appropriate intervention from trained professionals that provide services such as speech therapy, physical therapy, or special instruction; services that the Michigan Department of Education estimates would cost approximately \$8,000 per child per year (Michigan currently spends \$645 per child per year using federal IDEA Part C allocation alone). Local and intermediate school districts are left to supplement the funding utilizing state special education dollars (for the 40% of children who are also eligible for MMSE) and local millage dollars, which are not consistently available across the state. Further, ISDs that coordinate *Early On* services with their local public health and community mental health agency partners have faced additional challenges as those community-based partners have also been subjected to significant cuts in the state budget. Thus, for many ISDs, families with eligible children – particularly *Early On* only children – often receive minimal services that are likely insufficient to ensure optimal development. In fact, support is so low that a November 2013 State of Michigan Auditor General Report found serious deficiencies in the system for *Early On* only eligible children due to being drastically underfunded and inconsistently funded across the state.

In 2014, the national Infant and Toddler Coordinators Association conducted a study surveying all states on how they finance IDEA Part C services. That study found that Medicaid is the second largest source of revenue for IDEA Part C services nationally, the first being state appropriations for IDEA Part C. Unfortunately, Michigan does not have a state investment for *Early On*, and Medicaid is underutilized, which has resulted in significant inadequacies in services available to eligible children. Investment in *Early On* is essential for Michigan to see the types of results that national studies have found – that with appropriate early intervention services, 37% of children will not need special education services when they enter preschool and 42% will not need special education at kindergarten entry.

Recommendations:

1. Begin appropriating state dollars to support *Early On*. Michigan appropriates almost \$1 billion in special education annually though. Up-front investment in early intervention – beginning with an investment to match the \$11.8 million in federal funds – can dramatically reduce special education costs while helping more children reach optimal development by kindergarten entry.
2. Conduct a study to identify how Michigan can maximize federal Medicaid funds to support *Early On*. While some ISDs utilize local resources to draw down Medicaid funds to support early intervention services, this is inconsistently done across the state and infrequently utilized for the 60% of *Early on* only eligible children. As Michigan continues to face financial challenges, we must maximize our state's ability to utilize federal resources to support families with young children.