

October 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 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 actual 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. 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, which are not consistently available across the state.

Support for *Early On* is so low that 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 children receive the appropriate early intervention services they need to avoid special education later and save taxpayer dollars.

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, leading to significant inadequacies in services available to eligible children.

#### Recommendations:

1. Begin appropriating state dollars to support *Early On*. Michigan appropriates almost \$1 billion in special education annually. 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 children who are not eligible for special education. As Michigan continues to face financial challenges, we must maximize our state's ability to utilize federal resources to support families with young children.