

Revised Section 56 Payment

2/7/24

- **Intent: Reduce the amount of special education costs that districts and ISDs must cover from sources other than special education revenue sources.**
- **Process:**
 - Calculate total ISD and constituent district special education cost:
 - Equal to the sum of special education costs and transportation costs as reported for Sec. 51a/51c purposes for the ISD and constituent districts.
 - Calculate total sources of special education funding for ISD and constituent districts:
 - **Local Share:** Assumes local revenue through **ISD's levy of the lesser of 3.0 mills OR the ISDs maximum special education levy** under current law. Comparable to local revenue effort under foundation allowance.
 - *11 ISDs have a max levy less than 3.0 (future consideration could be given to removing cap in Revised School Code with legislation)*
 - *21 ISD have a levy of more than 3.0*
 - *Districts levying above 3 mills keep this extra revenue and it is not contemplated in the formula, like hold harmless districts being allowed to keep foundation payments in excess of target, but the state portion only being up to target.*
 - *Rewards districts for high local effort.*
 - *26 ISDs would have to step up local effort to 3.0 to recognize all "available" local revenue, as calculated under the formula (levying less than 3.0 but could levy 3+)*
 - **State Source:** 51a / 51c required reimbursement
 - **State Source:** PPT / Brownfield revenue tied to special education millages
 - **State Source:** 51e special education foundation payment
 - Determine a payment amount.
 - For districts where **more than 22.6% of costs** (level determined based on available funding in the Executive Budget) are not covered by the 3 revenue sources listed above, pays the difference. *Essentially says that no district should need to draw more than 22.6% of funds from general education fund sourcing to support special education.*
 - 22 ISDs estimated to be eligible.
 - Directs MDE to adjust the cap to a level to fully utilize the appropriation (either reduce if funding isn't enough or increase if more funding is available).
 - Payments would flow through ISDs who would then be responsible for getting funding/services to their constituent districts.
- Uses prior year figures for these calculations (FY24 for purposes of FY25 Exec. Rec.)
- Exec. Rec. appropriation of **\$124.2m** (rolls in old Sec. 56 funding and adds \$50m).
- Caps payment for any one ISD at 40% of the total allocation (~\$50m).