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A STUDY OF THE HISTORY OF STATE FINANCING  
FOR SPECIAL EDUCATION IN THE STATE OF  
MICHIGAN WITH A RECOMMENDED MODEL FOR THE  
FINANCING OF SPECIAL EDUCATION IN THE  
STATE OF MICHIGAN.

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WITH A RECOMMENDED MODEL FOR THE  
FINANCING OF SPECIAL EDUCATION  
IN THE STATE OF MICHIGAN

By

Jack D. Oatley

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A STUDY OF THE HISTORY OF STATE FINANCING FOR  
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At no time has the state of Michigan adequately provided for the education of all handicapped persons. The handicapped were not at first considered the responsibility of the schools and were systematically excluded from participation in formal education because of some physical or mental defect over which they had no control. The Legislature of the state of Michigan enacted P.A. 198 of 1971 requiring all handicapped persons, ages 0-25, be provided with appropriate special education programs. However, four years after the enactment of P.A. 198 of 1971, the State is still not providing an adequate educational program for all handicapped persons.

One of the reasons that all handicapped pupils are not receiving an adequate educational program is the cost of providing these programs.

The intent of this study was to review historically the funding of special education in Michigan, study the patterns of funding special education and to recommend a model for the future funding of special education in Michigan.

The patterns established for the funding of special education by the state of Michigan have had the following characteristics:

1. A 100 per cent funding of all costs by the State.
2. A 100 per cent funding of approved costs with a maximum reimbursement per student.
3. A 100 per cent funding of approved added costs with a maximum reimbursement per student.
4. A 75 per cent funding of approved costs of certain programs.
5. A weighted membership funding both for students and teachers.
6. A per cent funding of salaries with a maximum on each salary.
7. Most programs funded with a maximum limit on the reimbursement formula.
8. The dollars allocated for funding by the State were insufficient to fund the total formula.

States other than Michigan have attempted to fund the cost of providing programs and services for the

handicapped using patterns such as flat grant, added cost, stimulation grant, and an equalization formula, all of which have certain advantages and disadvantages.

In this study, guidelines are suggested that, when followed, should eliminate most of the disadvantages. These guidelines are as follows:

1. The funding formula must provide a defined relationship between the total costs of the programs and the state support allowable.

2. The funding formula must eliminate financial support patterns that discriminate against certain handicapping conditions.

3. The funding formula must neither penalize nor reward sparse population areas, low incidence programs or variations between districts.

4. The funding formula must provide for a local contribution for each resident pupil of the district. The local financial contribution to be considered as at least as much financial support for a handicapped pupil as for a non-handicapped pupil.

5. The funding formula must provide for full reimbursement according to the formula so that districts can appropriately budget.

The proposed funding formula for special education in Michigan is -

$$\text{SRLD} = [\text{AC} + (\text{ICR} \times \text{AC})] \times \text{FPRE}$$

SRLD = State Reimbursement to Local District

AC = Actual Costs

ICR = Indirect Cost Ratio

FPRE = Funding Percentage for Regular Education

And in court placed or institutionalized programs or services the formula becomes -

$$\text{SRLD} = [\text{AC} + (\text{ICR} \times \text{AC})] \times 100 \text{ per cent}$$

Basic to this proposal formula is the allowing of all actual costs, and the deletion from a membership count for regular education reimbursement of handicapped persons in a classroom program.

## ACKNOWLEDGEMENTS

A number of people helped make this study possible. I would particularly like to thank my chairman, William Sweetland and the director of my research, Alexander Kloster for their continued support and guidance throughout the writing of this thesis.

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## TABLE OF CONTENTS

	Page
LIST OF TABLES . . . . .	v
 Chapter	
I. THE PROBLEM . . . . .	1
Statement of the Problem . . . . .	1
Purpose of the Study . . . . .	6
The Need for the Study . . . . .	6
Assumptions of the Study . . . . .	7
Definitions of Terms . . . . .	8
Significance . . . . .	9
Overview of Study . . . . .	10
II. REVIEW OF RELATED LITERATURE . . . . .	11
Introduction . . . . .	11
Historical Background of Public Educational Finance . . . . .	11
Program Criteria . . . . .	24
Organization Criteria . . . . .	25
Finance Criteria . . . . .	25
Summary . . . . .	29
III. REVIEW OF THE LITERATURE FOR FINANCING SPECIAL EDUCATION . . . . .	31
Summary . . . . .	46
IV. CHRONOLOGICAL HISTORICAL REVIEW OF SPECIAL EDUCATION FINANCING IN THE STATE OF MICHIGAN AND AN ANALYSIS OF STUDIES REPORTED ON SPECIAL EDUCATION FINDING IN MICHIGAN . . . . .	48
Introduction . . . . .	48
Period 1837-1898 . . . . .	49
Period 1899-1923 . . . . .	51
Period 1823-1939 . . . . .	58
Period 1940-1958 . . . . .	61

Chapter	Page
Period 1959-1970 . . . . .	67
Summary of Present State Aid Formulas . . .	91
Review of Special Education Finance Studies In Michigan . . . . .	93
Summary . . . . .	95
V. ADVANTAGES AND DISADVANTAGES OF FUNDING PATTERNS, GUIDELINES FOR A FUNDING FORMULA AND A RECOMMENDED MODEL FOR FUNDING SPECIAL EDUCATION . . . . .	98
Guidelines for State Funding . . . . .	104
Proposed State Funding Formula for Special Education In Michigan . . . . .	105
Funding Percentage For Regular Education . . . . .	108
Recommendations for Future Study . . . . .	113
BIBLIOGRAPHY . . . . .	115
APPENDIX A . . . . .	125
APPENDIX B . . . . .	151

## LIST OF TABLES

Table	Page
1 Estimate Of Handicapped Person In Michigan Not Receiving An Educational Program . . . . .	4
3.1 Estimate of Costs Of Providing Programs For Handicapped Pupils In New York State, 1969 . . . . .	32
3.2 Estimated Per Pupil Expenditure Cost In Special Educational Programs As They Relate To Regular Educational Programs . . . . .	34
3.3 Cost Per Pupil Of Special Education Programs In Michigan For School Year 1928-29, Compared With Cost Per Pupil Of Regular Educational Programs . . . . .	35
3.4 Financial Report Showing Reimbursement For Special Classes (1928-29) . . . . .	37
3.5 Cost Per Pupil Of Special Education Classroom Programs Within The Kent Intermediate School District, Kent County, Michigan, And The Cost Per Pupil Of Regular Educational Classroom Programs . . . . .	38
3.6 Listing of States With Specific Categorical Aids For Special Education, For Fiscal Year 1971-72 The Dollar Amount Of Total Aid To Education, Dollar Amount Of Categorical Aid For Special Education, And The Categorical Per Cent Of The Total . . . . .	40
4.1 Graphic Comparisons - 1927-28 and 1928-29 . . .	60
4.2 Relationship Between Formula For Funding Professional Special Education Personnel and Actual Payout For Each Professional . . . .	74
4.3 Categorical Funding For Special Education . . .	92

## CHAPTER I

### THE PROBLEM

#### Statement of the Problem

At no time has the state of Michigan adequately provided for the education of all handicapped persons. The handicapped were not at first considered the responsibility of the schools and were systematically excluded from participation in formal education because of some physical or mental defect over which they had no control. The Legislature of the state of Michigan enacted P.A. 198 of 1971 requiring that all handicapped persons, ages 0-25, be provided with appropriate special education programs. However, four years after the enactment of P.A. 198 of 1971, the State is still not providing an adequate educational program for all handicapped persons. Dr. John Porter, Superintendent of Public Instruction for the state of Michigan stated:

Over 4,000 of the approximately 5,400 handicapped persons in State hospitals and facilities are currently not receiving the special education programs and services to which they are entitled

under the provisions of Act 198 of the Public Acts of 1971.<sup>1</sup>

The history of Michigan does not provide evidence prior to 1971 of any great commitment to provide educational programs for all handicapped pupils. In 1848, the Legislature approved the establishment of a Michigan School for the Deaf in Flint. Funds were made available, and in 1854, under the direction of the State Board of Education, it opened. This was followed by the establishment of an institution for the severely mentally impaired children of the state in Pontiac in 1878. Three years later in 1881, the Michigan School for the Blind was opened in Lansing. It was followed in 1893 by the Lapeer Home and Training School, established as the Michigan Home for Feeble Minded and Epileptic. In 1899, the Legislature also provided state aid for educating the deaf with special day classes in public schools other than the Flint School. In 1923 the Legislature enacted P.A. 313, providing for the education of physically handicapped students, the deaf and hard of hearing, and the blind or partially sighted. The Legislature during the years from 1923 to 1971 enacted several laws providing financial support for special

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<sup>1</sup>Dr. John Porter, Michigan Department of Education, Lansing, Michigan, Memorandum December 4, 1974, Education of Handicapped Persons in State Institutions.

education. Programs for the handicapped were still inadequate and in some instances non-existent.

Establishing and maintaining programs for the handicapped means lower pupil teacher ratios, more supplies, more space, and, in general, increased costs per student. With tight budgets and increased costs local districts are not providing adequate programs for all of the handicapped.

In 1971 Public Act 198, popularly known as the Mandatory Special Education Act, was passed. This act mandated the establishment of programs for all handicapped children ages 0 through 25 and required that the intermediate district and local district provide educational and instructional services for each handicapped person in accordance with his maximum potential.

The enactment of public acts from 1899 to 1971 has not yet provided an adequate educational program for all handicapped persons. When the prevalence rates<sup>2</sup> are applied against the estimated number of school age children a significant difference is found between the number of school age children estimated to need a special education program and the number being provided a special education program (see Table I).

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<sup>2</sup>Bureau of Education for the Handicapped, U.S. Office of Education, "Estimates of Current Manpower Needs in Education for the Handicapped, 1968-1969" (Washington, D.C.: December, 1968). (Mimeo)

TABLE 1.--Estimate Of Handicapped Persons In Michigan  
Not Receiving An Educational Program.

Year	Number of School Age Children	Pre- valence Rates	Expected Number Needing Programs	Reported Number Receiving Programs	Estimated Number Not Receiving Programs
1899	713,600	9.975	71,182	537 <sup>3</sup>	70,645
1929	1,247,932	9.975	124,481	2,435 <sup>4</sup>	122,046
1973	2,200,000	9.975	219,426	139,450 <sup>5</sup>	79,976

In 1973, the Legislature provided in the State  
Aid Act that

Not later than March 1, 1974, the department  
shall prepare a written report for the Legislature  
. . . and shall develop and report to the Legisla-  
ture a system for reimbursing special education  
programs on an added cost basis.<sup>6</sup>

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<sup>3</sup>Superintendent of Public Instruction, State of  
Michigan, Annual Report, 1899.

<sup>4</sup>Superintendent of Public Instruction, State of  
Michigan, Annual Report, 1928-1929.

<sup>5</sup>Recap of S.E. 4350 Reports Filed With Department  
of Education, State of Michigan, 1973.

<sup>6</sup>State of Michigan 77th Legislature, Regular  
Session of 1973, "Enrolled Senate Bill Number 110, Sec.  
51, Paragraph (3)."

Introduced in the United States Senate was the "Education for all Handicapped Children Act." The act states

The Congress finds that there are more than seven million handicapped children in the United States today; close to six per centum of these children do not receive appropriate educational services which would enable them to have a full equality of opportunity. One million of these children are excluded entirely from the public school system and will not go through the educational process with their peers; the States have a responsibility to provide this education for all handicapped children; but are operating under increasingly constrained fiscal resources; therefore, it is the purpose of this Act to insure that all handicapped children have available to them, not later than 1976, a free appropriate public education to insure that the rights of handicapped children and their parents and guardians are protected, to relieve the fiscal burden placed upon the State and localities when they provide for the education of all handicapped children, and to assess the effectiveness of efforts to educate handicapped children.<sup>7</sup>

The action of the United States Senate and Michigan Legislature indicates the serious nature of financing programs for the handicapped. The development of sound financial programs will best be established by taking a look at the patterns for financing as they have developed over the years.

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<sup>7</sup>93rd Congress, 1st Session, In The Senate of the United States, "Education for All Handicapped Children Act," January 4, 1973.



### Purpose of the Study

The purposes of this study are to: (1) review historically the patterns for financing special education in the state of Michigan from its inception in 1848 up to and including the 1974 State Aid Act, (2) look at potential alternatives in finance patterns, and (3) recommend a model to improve the financing of special education in the state of Michigan.

### The Need for the Study

The change in special education legislation, which occurred in Michigan in 1971, has had an immediate effect on financing special education in the state. Due to the increase in programs and more stringent legal requirements, the need has become greater for a look at a revised pattern of financing. The method of allocating state funds for the support of educational programs for the handicapped and the amount of costs to be shared between the various units of government are the two basic questions to be answered.

The change given to the State Department of Education by the Legislature to develop an added cost formula is, indeed, a difficult challenge. For this reason it is important to review the history of special education financing in Michigan. Reviewing the success and failure of previous state aid acts, as the act pertain to special education funding, will enable those

involved to be better prepared and more knowledgeable when they move to recommend a revised state aid act.

### Assumptions of the Study

The need for this study is based upon the following five assumptions.

1. Public school administrators must continue to seek funds for financing special education. This assumption has some basis in fact when one reviews the rate of increased costs for all education.

2. With an estimated 219,426 Michigan students needing special education services and only 139,450 receiving services during the 1973-74 school years, there will continue to be a need for more dollars in special education.

3. A study of this nature will have relevance for all administrators involved in preparing special education finance programs

4. This study will be important for members of the Michigan Department of education when advising the legislators and to the Legislature in making future special education finance decisions.

5. This study will have relevance to other states in developing state financing for special education.

### Definitions of Terms

Handicapped Youth - A person identified by an educational planning and placement committee as severely mentally impaired, trainable mentally impaired, educable mentally impaired, emotionally impaired, hearing impaired, visually impaired, speech and language impaired, home-bound, hospitalized, learning disabled, or having a combination of two or more of these impairments and requiring special education and services. The above definition is that which is used by the Michigan Department of Education for those eligible for special education services.

Mandatory Special Education - Public Act 198 of 1971 passed by the Michigan State Legislature, requiring that every handicapped person age 0-25 has an appropriate educational program available.

Categorical Aids - Dollars appropriated in the State Aid Act for a specific service or function.

Funding Formula - The mathematical procedure for calculating and distributing financial aid to support special education programs.

Prevalence Rates of Handicapped - The percentage of the population 0-25 years of age with each type of handicap.

Cost Index - Reflects the per pupil cost of educating the handicapped as compared to non-handicapped pupils in regular education programs.

Local District - The basic operating school district in the state of Michigan.

Intermediate District - A district created by Public Act 190 by the Michigan State Legislature in 1963. Includes constituent local districts and is empowered to conduct certain administrative services and identified program functions with and for the local district.

### Significance

The progress of a State may be measured by the extent to which it safeguards the rights of its children.<sup>9</sup>

The constitution of the state of Michigan of 1963 requires that -

Institutions, programs and services for the care, treatment, education or rehabilitation of the inhabitants who are physically, mentally or otherwise seriously handicapped shall always be fostered and supported.<sup>10</sup>

Yet until the passing of the Mandatory Special Education Act by the Michigan Legislature in 1971, the State was far from adequate in providing for the handicapped.

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<sup>8</sup>Grace Abbott, The Child and The State (University of Chicago Press, Chicago, 1938), Vol. I, p. 7.

<sup>9</sup>Section 8, Article 8, Education Constitution of the State of Michigan of 1963.

If educational programs are to be provided for the handicapped, the financing must also be provided to make it happen; for the cost of providing appropriate educational programs for the handicapped is significantly higher than the cost for the non-handicapped.

The present formulas for financing specail education in Michigan are neither adequate to provide a program for all pupils who would benefit from such a program nor rational in the relationship to the actual cost of providing the programs.

### Overview of Study

In chapter II a review of the literature as it concerns the general pattern of financing education in the United States will be presented.

Chapter III is devoted to a review of the literature regarding financing of special education.

Chapter IV consists of a review and analysis of what has happened in the financing of special education in Michigan and a look at the present State Aid Act for finaincing special education in the state of Michigan.

Chapter V will be devoted to recommendations for the basic model for financing special education in the state of Michigan.

## CHAPTER II

### REVIEW OF RELATED LITERATURE

#### Introduction

The review of literature presented here begins with an historical recounting of the general financing of education in America. An overview of the early efforts of the colonies to finance and develop education as their efforts affected our present day system of financing education is presented. The pattern of taxation of all householders and the control by the State is developed in the first part of this chapter.

A review of recent studies of school finance programs that have resulted in guidelines, basic concepts, and proposals which have been used by various authorities in determining the adequacy of school finance is a second part of the chapter.

#### Historical Background of Public Educational Finance

How American schools were to be financed and controlled was undoubtedly one of the most momentous decisions ever made, and it was not made easily. The

struggle became so bitter that church and party ties were broken, fathers and sons were alienated and neighborhoods, communities, and States were vigorously involved in the turmoil. This fact is recognized by Cubberley. He refers to it as the "battle for free State schools," and says:

Excepting the battle for the abolition of slavery perhaps no question has ever been before the American people for settlement which caused so much feeling or aroused such bitter antagonisms. Old friends and business associates parted company over the question, lodges were forced to taboo the subject to avoid disruption, ministers and their congregations often quarreled over the question of free schools, and politicians avoided the issue. The friends of free schools were at first regarded as fanatic, dangerous to the State, and the opponents of free schools were considered by them as old-time conservatives or as selfish members of society.<sup>1</sup>

The early settlers of America brought with them the ideas and traditions of their mother countries. Great diversity in methods and efforts made for training of children in colonial America was a direct reflection of the varied backgrounds of the new colonists. The general attitude of the colonists was that whatever education was to be provided would be provided through the church. However, a different attitude seemed to prevail in New England.

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<sup>1</sup> Ellwood P. Cubberley, Public Education In The United States (rev. ed.; New York: Houghton Mifflin Co., 1937), p. 164.

Massachusetts was the leader in the development of America's system of public school finance. It was here that an homogeneous group of English Puritans established the basis of school support and control that was eventually to be adopted by all the states. Some early laws of the church-state form of Massachusetts government are the prototypes of our present American practices.

The Massachusetts laws of 1634 and 1638 provided for the taxation of all property for town and colony benefits. This principle established the fundamental basis for the present day taxation for school support. The colonies law of 1642 ordered that all children should be taught 'to read and understand the principles of religion and capital laws of the country.' This distinctively Calvinistic law enacted by a legislative body represents the first of its kind to be made anywhere in the English speaking world.<sup>2</sup>

Massachusetts passed another more important law without English precedents in 1647. This law ordered the establishment and maintenance of a school system to serve all the children and provide for its support by the equalized and compulsory tax on all "householders." It also provided a penalty for the towns that failed to comply with the minimum requirements of the law.

These laws of colonial Massachusetts providing for compulsory education at public expense, with the

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<sup>2</sup>Ibid., p. 17.



state asserting the right to set standards and controls, provided the foundation for our American system of school finance. The Massachusetts laws served as a basis for similar legislation in other New England colonies.

However, except for the New England area, all elementary education during the colonial period was left to private initiative or to religious or philanthropic auspices. Thus, the New England area is the most significant of the colonial areas in establishing the pattern for the financing of public school services.

Between the time of the establishment of the Massachusetts law in 1647 and the launching of our national and state governments, a very fundamental and significant change took place among the people of New England. The change resulted from a breakdown in old religious motives and interests and a breakdown in the old New England town. For the schools this marked the emergence of the district system. The taxes collected by the town were apportioned back to each district. Each parish received from the town that amount it had paid in taxes, and with this money it was to maintain its own schools.

Along with the development of the school district there came a gradual separation of church and State, as later made explicit in the United State Constitution. Cubberley seems to sum up this transition by saying:

Thus gradually but certainly did the earlier religious school pass out from under the control of the Church and become a State school. When our national government was established, the States were ready to accept, in principle at least, the theory gradually worked out in New England that schools are State institutions and should be under the control of the State.<sup>3</sup>

The profound implications of these early developments in the New England schools can be appreciated when one sees how they determined the design of public education in the very early State laws. Georgia's constitution, which is somewhat typical of the early provisions for education by the States provided in 1777 that, "Schools shall be erected in each county, and supported at the general expense of the State, as the Legislature shall hereafter point out."<sup>4</sup>

In 1787 the Congress passed the Northwest Ordinance. This law provided that the sixteenth section of every township in the western land was to be reserved for the maintenance of schools. It also contained the following statement of purpose which has come to be regarded as a kind of charter for public education

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<sup>3</sup>Ibid., pp. 74-75.

<sup>4</sup>This and other early constitutional provisions for public schools appears in Edgar W. Knight, Readings In Educational Administration (New York: Henry Holt & Co., Inc., 1953), pp. 2-8.

in the United States, "religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools, and the means of education shall be forever encouraged."<sup>5</sup> These federal land grants began with the admission of Ohio to statehood in 1802 and stimulated a new interest in schools. However, for a time there was the notion that the income from these lands would totally support the schools.

The state of Connecticut sold all its lands for about \$1,200,000 and established a permanent school fund. The State took over the sole support of the schools. An attitude of contempt followed a neglect of the school and brought about the following axiom of school finance.

The principles of the axiom holds that only when people make some kind of financial sacrifice for their school do they take an active and whole-some interest in education.<sup>6</sup>

The redistribution of funds back to the districts where the taxes were paid was explained by Cubberley in the following quote:

One of the earliest ways of apportioning State funds for education was a distribution based on 'taxes-where-paid.' This method of allocating

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<sup>5</sup>Arthur B. Moehlman, School Administration (2nd ed.; New York: Houghton Mifflin Co., 1961), p. 24.

<sup>6</sup>H. G. Good, A History of Western Education (New York: The MacMillan Co., 1947), p. 422.

monies in proportion to taxes paid was eventually discarded since it failed to 'pool costs . . . equalize burdens or advantages, or . . . stimulate educational activity.'<sup>7</sup>

The study cited above analyzed the method of apportionment of state school funds and pointed out the need for State aid to equalize as well as stimulate educational opportunities.

Following Cubberley's initial study, several efforts were made to analyze practices and principles of State school fund apportionments. State aid programs during the first quarter of the century continued to be meager and in the nature of relief or charity grants. During this period several important studies were completed by Swift,<sup>8</sup> and Updegraff and King.<sup>9</sup> The most influential study of Educational Finance Inquiry was the Strayer and Haig report on financing education in

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<sup>7</sup> Ellwood P. Cubberley, State School Administration (New York: Houghton Mifflin Co., 1927), p. 348.

<sup>8</sup> Fletcher H. Swift, A History Of The Public Permanent Common School Funds In The United States, 1879 1905 (New York: Henry Hold & Company, Inc., 1911).

<sup>9</sup> Harlon Updegraff and L.A. King, Survey Of The Fiscal Policies Of The State of Pennsylvania In The Field of Education, Part II (Harrisburg: Report Of Citizens' Committee On The Finances Of Pennsylvania, 1922).

in New York State.<sup>10</sup> In this report, Strayer and Haig contended that the principle of equalization demanded that the State assume the responsibility of providing an acceptable minimum program of education in every district. In addition, they held that such a program should be provided after an equivalent tax effort had been made in all local districts and that solely through local initiative might the district exceed the State's minimum program.

The foundation program concept, as defined by Strayer and Haig, lacked any specific devices or techniques for its implementation. These, however, were soon provided by Mort<sup>11</sup> in his studies on the measurement of educational need.

The concept that education is a State function has important implications for school finance. Relatively few cases that have challenged this power have gone before the courts, and in those instances the issues have involved either the Legislature's encroachment on constitutional limitations or the use of some

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<sup>10</sup>George D. Strayer and Robert M. Haig, The Financing Of Education In The State Of New York, A Report Of The Education Finance Inquiry Commission (New York: The MacMillan Co., 1924).

<sup>11</sup>Paul R. Mort, The Measurement Of Educational Need (New York: Bureau of Publications, Teachers College, Columbia University, 1924).

device for withholding State aid as a way of enforcing a State's regulations or laws.<sup>12</sup> The following decision made by the Supreme Court of Indiana is somewhat typical in describing the broad powers of the Legislature over education:

Essentially and intrinsically the schools in which are educated and trained the the children who are to become the rulers of the commonwealth are matters of State, and not of local jurisdiction. In such matters the State is a unit and the Legislature the source of power. The authority over schools and school affairs is not necessarily a distributive one to be exercised by local instrumentalities, but, on the contrary, it is a central power residing in the Legislature of the State. It is for the law making power to determine whether the authority shall be exercised by a State Board of Education or distributed to county, township or city organization throughout the State . . .<sup>13</sup>

As to the specific implications of these Legislative powers of taxation purposes, the following decision is enlightening:

The public school system is a matter of state, and not local concern, the establishment, maintenance, and control of the public schools is a legislative function. To promote the public schools, the state, through the Legislature, may levy taxes directly, or the state, having as it

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<sup>12</sup>Robert R. Hamilton and Paul R. Mort, The Law and Public Education (Chicago: The Foundation Press, Inc., 1941), p. 144.

<sup>13</sup>State vs. Harworth, 122 Ind. 462, 23 N.E. 946 y L.R.A. 240.

does, full control over its agencies, the counties, may authorize them to levy a tax, or may by stature require them to levy a tax for the establishment and maintenance of public schools . . .

The exercise of the taxing power to promote a system of public schools for all the counties does not infringe upon the right of local self-government, because a public school system, like a highway system, a penal system, or a matter of public health is not of purely local, but of state concern. The state is a unit, and the Legislature is the state's source of legislative power, from which flows the mandate of the state.<sup>14</sup>

Although it is implied in the foregoing decision, it should be noted that a district may be compelled to maintain schools of a given standard; and the courts have consistently held that there is no inherent or implied power for school districts to levy taxes.<sup>15</sup> The power to tax is a special power that must be specifically granted either by constitutional mandate or legislative provision.

It appears to the writer that the basis for collecting local taxes, developing local districts, yet leaving certain controls and responsibilities with the State has been firmly established as shown in the preceding review of literature.

Recent studies of school finance programs have resulted in numerous guidelines, basic concepts, and

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<sup>14</sup>State vs. Meador, 284 Tenn., S.W. 8901.

<sup>15</sup>Hamilton and Mort, op. cit., pp. 144-145.

proposals which have been used by various authorities in determining the adequacy of school finance. Johns and Morphet identified ten characteristics of a satisfactory school finance program. They include:

1. The plan of financial support for schools in each State should be designed to assure a foundation program providing essential, reasonable, adequate, and well rounded educational opportunities for all who should benefit from public education.
2. Provisions should be made for a bona fide state-local partnership plan for financing this foundation program of educational opportunity.
3. Each school district (or county) should be expected and required to make the same minimum local effort toward financing the foundation program.
4. The State should provide for each district on an objective basis, the difference between the funds available from the required uniform minimum tax effort and the cost of the foundation program.
5. The plan for financing the foundation program should assure reasonable equity for all taxpayers.
6. The educational and financial provisions for the foundation program should encourage sound and efficient organization, administration, and operation of local school districts and schools.
7. The foundation program plan should provide maximum opportunity and encouragement for the development and exercise of local leadership and responsibility in education.



8. The citizens of each local school system should be authorized to provide and finance such educational opportunities beyond the foundation program as they desire.

9. The foundation program plan should be cooperatively developed by representative citizens who have a genuine interest in and concern about public education.

10. The program and procedure should emphasize continuous evaluation and long range planning.<sup>16</sup>

In April 1958, the Committee on Tax Education and School Finance of the National Education Association proposed the following questions as guides in analyzing and evaluating provisions for school support programs

1. Is provision made for adequate financial support?
2. Are there any undesirable controls?
3. Is the plan equitable?
4. Are there rewards for inefficiency or lack of economy?
5. Have provisions been made for all essential elements of school costs?
6. Are the sources of revenue for school support reasonably related to the sources of income of the people of the state?

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<sup>16</sup>Roe L. Johns and Edgar L. Morphet, Financing The Public Schools (Englewood Cliff, New Jersey: Prentice Hall, Inc., 1960), pp. 168-170.

7. Are the measures of need sound and realistic?
8. Is local financial ability properly and equitably determined?
9. How does the program compare with programs operating in other states?<sup>17</sup>

Dr. James W. Whitlock, in a speech presented to the fifty-fifth annual meeting of the Association of School Business Officials of the United States and Canada in 1969 presented five characteristics of principles of sound school finance programs. They include:

1. A state school finance program should include all essential school costs that determine the level of quality to be achieved under the program.
2. The state's school finance program should be supported by an equitable combination of funds from local, state, and insofar as applicable, federal sources.
3. Each school district should be expected and required to make the same minimum local effort toward financing the state's foundation program.
4. A state's school finance program should provide the local school district the opportunity, encouragement, and incentive to finance such educational opportunities as it desires beyond the program.

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<sup>17</sup> Committee on Tax Education and School Finance, Guides to the Improvement of State School Finance Programs (Washington, D.C.: National Education Association, April, 1958), pp. 26-27.

5. A state's school finance program should be designed to encourage sound and efficient organization, administration, and operation of local school districts and schools.<sup>18</sup>

The most recent and comprehensive criteria set forth for evaluation of school finance programs is incorporated in the National Educational Finance Project which was funded by the federal government and directed by Dr. Roe L. Johns. The authors of this project viewed criteria in three component parts, namely: program, organization and finance criteria. Each component was analyzed in checklist fashion:

#### Program Criteria

The state school finance plan should

1. Provide local school systems a level of support for an educational program commensurate with the relative financial ability of each state.
2. Include provisions for innovation and improvement in instructional programs.
3. Include provision for identification and evaluation of alternate methods of accomplishing educational objectives.
4. Provide a system for local districts to develop programs and financial data with accountability to the public.

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<sup>18</sup> James W. Whitlock, "Need Developments in State School Finance Programs," Proceedings and Addresses, Association of School Business Officials of the United States and Canada, LV (October, 1970), p. 140.

5. Substantially equalized educational opportunity throughout the state.

#### Organization Criteria

The state school finance plan should financially penalize or at least not financially reward

6. The establishment or continuation of small inefficient school districts.
7. The establishment or continuation of small inefficient enrollment centers, except in cases resulting from geographical isolation.
8. The continuation or establishment of school districts which segregate pockets of wealth or leave pockets of poverty in a state or result in the segregation of pupils by race or socio-economic class.
9. The continuation or establishment of school enrollment centers which result in the segregation of pupils by race, religion or socio-economic class.

#### Finance Criteria

10. Include all current expenditures as well as capital outlay for local school districts associated with specialized educational activities needed by some, but not all students, such as vocational education, education of exceptional or handicapped pupils, and compensatory education.
11. Recognize variation in per pupil program costs for local school districts associated with specialized educational activities needed by some, but not all students, such

as vocational education, education of exceptional or handicapped pupils, and compensatory education.

12. Recognize differences in per pupil local district costs associated with factors such as sparsity and density population, e.g., pupil transportation, extra costs of isolated schools, variations in cost of living.

13. Be funded through an integrated package which facilitates equitable budgetary planning by the local school district.

14. Utilize objective measures in allocating state school funds to local school districts.

15. Be based on a productive, diversified and equitable tax system.

16. Integrate federal funds with state funds and allocate to local districts in conformance with the criteria herein set forth to the extent permitted by federal laws and regulations.<sup>19</sup>

The criteria presented in these studies represent many years of development in the history of school finance. Some concepts are essentially unchanged while others have undergone significant revisions. The latter include the decreasing emphasis on the foundation program as the only method of financing schools; an increasing reliance

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<sup>19</sup> National Education Finance Project, Alternative Programs for Financing Education, vol. 5 (Gainesville, Florida: National Educational Finance Project, 1971), pp. 232-234.

on states for providing not only financial support, but control of education; and the increasing importance of the federal government in funding education.

Criteria which have remained relatively unchanged for nearly two decades include those on which the authorities generally agree. Each was concerned that the program was adequate and included all essential costs needed for a sound educational program. Each authority proposed a partnership between the local district and the state. Whitlock and membership of the National Educational Finance Project expanded this concept to include the federal government. Each advocated a required local effort in order to participate in the program. Each was concerned with efficiency in organization, administration and operation.

Certain criteria provoked disagreement by some of the authorities. Johns and Morphet, the members of the Committee on Tax Education, and Whitlock included the need for encouraging local control and initiative as part of their criteria; however, the National Education Finance Project did not include local control as essential and seemed to advocate less local control and greater control by the State. Johns and Morphet and Whitlock advocated provisions for local districts to go beyond the State program if desired. The National Educational Finance Project took the opposite view and

encouraged efforts to equalize educational expenditures statewide.

For the purpose of this study and the relationship between the funding of education and the specific funding of special education, the author proposes the following guidelines based on the general criteria of the authorities.

1. The state plan of school financing should involve a State Department of Education that will provide the leadership, expertise, and guidelines that are necessary to insure sound and efficient organization, administration, and operation of local school districts.

2. The state plan of school financing should be supported by an equitable combination of local and state funds.

3. The state plan of school finance should include all essential costs and should be supported at a level that will insure quality education for all who should benefit from public education.

4. Every school district should support the state-wide funding of education in a manner that guarantees the same local effort and sound local support.

5. The state plan of school financing should provide the local district with the opportunity to

finance local educational programs beyond the requirements and recommendations of the state plan.

The criteria developed here will be used as part of the basis for established a recommendation for the funding of special education in Michigan and will be dealt with in Chapter Five of this study.

### Summary

Out of the diverse backgrounds of the early settlers in America has come a basic plan for financing education in the country. This has been made possible by the first basic laws enacted in Massachusetts in 1634, 1638, 1642 and in 1647. The combination of these laws made it compulsory for the town to have a school and levy taxes on all households to support the school. In 1787, the Northwest Ordinance set aside lands in each county to provide for "free schools," however, the misuse and lack of interest developed the following axiom. Only when people make some kind of financial sacrifice for their schools do they take an active and wholesome interest in education. Little was done in educational finance during the nineteenth century.

Studies began by Cubberley in 1905, and developed further by Swift, Updegraff and Ring, Strayer and Haig, and Mort provided for the equalization of funding and the



administration of funding. The basis of a foundation program for all schools, yet leaving the local district the option of enrichment was a concept developed during this period that is still a basic concept in financing public school systems.

The review of recent studies of school finance presented in the chapter point out several guidelines for a basic state funding formula. These guidelines include a strong State Department of Education, an equitable combination of local and state funds, the inclusion of all essential costs, a guarantee of the same local support, and the opportunity for the local district to finance programs beyond the state plan. The guidelines for financing in general appears to this author to be essential guidelines in financing programs for the handicapped.

### CHAPTER III

#### REVIEW OF THE LITERATURE FOR FINANCING SPECIAL EDUCATION

The financing of educational programs for handicapped pupils is more costly than financing programs for non-handicapped pupils. A review of the literature points out the fact that there are indices that exist between the cost of providing a program for one handicapping condition and the cost of providing a program for a different handicapping condition, and also between the cost of providing programs for the handicapped and the non-handicapped.

A study which developed cost data for various educational programs, including special education, was undertaken by the Rochester, New York, Bureau of Municipal Research, Inc.<sup>1</sup> Data developed by the study comparing the estimated unit cost of providing programs for the handicapped and non-handicapped is related in Table 3.1.

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<sup>1</sup>Stephen H. Greenspan and Fredrick J. Grasberger, Target: The Three E's (Rochester, New York: Rochester Bureau of Municipal Finance, Inc., 1969).

TABLE 3.1.--Estimate Of Costs Of Providing Programs For Handicapped Pupils In New York State, 1969.

Handicapping Conditions	A Spec. Prog. Cost Per Pupil	B Reg. Prog. Cost Per Pupil	C Differ- ential (A-B)	D Cost Index (A/B)
Educable Mentally Retarded	\$1,624	\$503	\$1,121	3.23
Trainable Mentally Retarded	\$1,709	\$503	\$1,206	3.40
Emotionally Disturbed	\$2,172	\$503	\$1,669	4.32
Perceptually Handicapped	\$2,339	\$503	\$1,836	4.65
Physically Handicapped	\$1,618	\$503	\$1,115	3.22

The Rossmiller Study,<sup>2</sup> part of which is reproduced in the Appendix of this study, points out the index of costs for the various types of handicapped in comparison to the non-handicapped.

The data gathered for the Rossmiller Study were obtained from systematic field studies which were conducted in twenty-four school systems located in five states. These school districts were selected as being

<sup>2</sup> Richard A. Rossmiller, James A. Hale, Lloyd E. Frohreich, Educational Programs for Exceptional Children Resource Configurations and Costs (Department of Educational Administration, The University of Wisconsin; Madison, Wisconsin, 1970).

representative of school systems which provide educational programs of high quality for handicapped pupils. These districts did not represent a random sample of school systems and do not represent average current practice in educational programs for the handicapped pupils. To the contrary, the school systems observed were providing many high quality programs for handicapped pupils. Thus, the data presented in the Rossmiller Study affords a defensible basis for fiscal and program planning to meet the educational needs of hanciapped pupils.

The cost indices developed in the Rossmiller Study represent the relationship between the expenditure per pupil in a school system's regular educational programs and the expenditures per pupil in a special education program. For example, a cost index of 2.0 indicates that a district is spending twice as much per pupil in a special program as it spends per pupil in its regular program.

By referring to the complex expenditure data for each type of special education program, which will be found in Appendix A, the reader may obtain information on how the cost index for one special education program compares with another special education program and how the expenditure compares with the expenditure for a regular educational program.

However, Table 3.2 developed from the data relating to the Rossmiller Study and a part of Table 23 in the Rossmiller Study points out the following indexes.

TABLE 3.2.--Estimated Per Pupil Expenditure Cost In Special Educational Programs As They Relate To Regular Educational Programs.

Handicapping Conditions	A Spec. Prog. Cost Per Pupil	B Reg. Prog. Cost Per Pupil	C Differ- ential (A-b)	D Cost Index (A/B)
Educable Mentally Retarded	\$1,225	\$655	\$ 570	1.87
Trainable Mentally Retarded	\$1,376	\$655	\$ 721	2.10
Auditorily Handicapped	\$1,958	\$655	\$1,303	2.99
Visually Handicapped	\$1,945	\$655	\$1,290	2.97
Speech Handicapped	\$ 773	\$655	\$ 118	1.18
Physically Handicapped	\$2,384	\$655	\$1,729	3.64
Special Learning Disorders	\$1,415	\$655	\$ 760	2.16
Emotionally Disturbed	\$1,854	\$655	\$1,199	2.83
Multiple Handicapped	\$1,784	\$655	\$1,133	2.73

The first data available in the review of financing special education in Michigan were found in the Biennial Report of the State Superintendent of Public Instruction for the years 1928-29.<sup>3</sup> Table 3.3 is a recap of these data.

On the following page Table 3.4 is presented to give the reader insight into the total cost of special education programs in Michigan and a look at the type

TABLE 3.3.--Cost Per Pupil Of Special Education Programs In Michigan For School Year 1928-29, Compared With Cost Per Pupil Of Regular Educational Programs.

Handicapping Conditions	A Spec. Prog. Cost Per Pupil	B Reg. Prog. Cost Per Pupil	C Differ- ential (A-B)	D Cost Index (A/B)
Orthopedic Classes	\$291	\$64	\$227	4.55
Deaf Classes	\$345	\$61	\$284	5.66
Sight Saving Classes	\$243	\$62	\$181	3.92

<sup>3</sup>Superintendent of Public Instruction, State of Michigan, Biennial Report, 1928-1929, p. 89.

of funding then in existence in Michigan. The funding formula called for the state to pay a maximum of \$200 per pupil of the excess cost for a special education program. This was calculated by deducting the cost of providing the program for a non-handicapped pupil from the cost of providing a program for a handicapped pupil and then the State paying a maximum of \$200 of the difference.

The cost of providing programs for the handicapped related in Table 3.5 was developed from data reported to the Kent Intermediate School District, Kent County, Michigan by the twenty constituent school districts for the school year 1972-73. Table 3.5 shows the cost of providing classroom programs only for certain handicapping conditions. The cost of providing non-classroom programs and services for the handicapped, however, can not be overlooked. The cost of providing the non-classroom program or service is all additional cost above the regular program for a non-handicapped pupil. The cost of this service or program can vary from less than ten dollars per pupil for a visit by a speech pathologist to a complete diagnostic in a regional clinic of over \$10,000 per pupil.

TABLE 3.4.--Financial Report Showing Reimbursement for Special Classes (1928-29).

City	Avg. Attend	Avg/Cap Cost In Spec. Class	Avg/Cap Cost Per Normal Child	Diff. In Per Capita Cost	Total Total Cost of Classes	Amount Reimbursed By State
<b>Orthopedic Classes</b>						
Bay City . . . . .	4.95	\$312.78	\$ 77.15	\$235.63	\$ 1,548.25	\$ 990.00
Battle Creek . . . .	10.15	343.34	100.56	242.78	3,484.91	2,030.00
Detroit . . . . .	456.08	291.29	60.37	230.92	159,072.42	109,216.00
Flint . . . . .	90.54	267.27	51.68	215.59	24,199.32	18,108.00
Fordson . . . . .	15.82	471.75	94.30	377.45	7,464.12	3,164.00
Grand Rapids . . . .	65.24	378.42	82.96	295.46	24,688.15	13,048.00
Hamtramck . . . . .	61.43	249.53	60.87	188.66	15,329.02	11,589.38
Hazel Park . . . . .	23.55	354.09	90.34	263.75	8,338.81	4,710.00
Highland Park . . . .	21.42	274.19	97.99	176.20	5,873.05	3,774.20
Holland . . . . .	17.95	261.54	58.69	202.85	4,794.71	3,590.00
Jackson . . . . .	15.42	259.61	48.22	211.39	4,003.19	3,084.00
Mt. Clemens . . . . .	9.54	317.61	40.00	277.61	3,029.97	1,908.00
Muskegon . . . . .	13.41	207.39	78.52	128.87	2,781.13	1,728.15
Pontiac . . . . .	15.46	215.56	62.39	153.17	3,332.56	2,368.01
Port Huron . . . . .	15.00	285.86	70.16	215.70	4,287.95	3,000.00
Saginaw . . . . .	24.58	247.57	53.15	194.42	6,085.27	4,778.84
Ypsilanti . . . . .	14.60	175.99	71.50	104.49	2,569.49	1,525.55
Totals	965.14	AV 291.03	AV 64.17	226.86	\$280,882.41	\$188,612.13
<b>Deaf Classes</b>						
Albion . . . . .	6.35	297.63	42.72	254.91	1,890.00	1,270.00
Bay City . . . . .	5.85	385.41	77.15	281.26	2,096.69	1,170.00
Detroit . . . . .	231.75	371.72	60.37	311.35	86,046.32	46,350.00
Escanaba . . . . .	2.78	508.99	52.49	456.50	1,415.00	None
Flint . . . . .	16.32	225.83	51.68	174.15	3,685.53	2,842.13
Grand Rapids . . . .	41.05	372.93	82.96	289.97	15,308.77	8,210.00
Ironwood . . . . .	9.54	220.13	72.10	148.03	2,100.00	1,412.21
Jackson . . . . .	15.08	284.19	48.22	235.97	4,385.62	3,016.00
Kalamazoo . . . . .	8.41	315.10	87.09	228.01	2,650.00	1,682.00
Lansing . . . . .	14.57	265.26	50.00	215.26	3,865.00	2,914.00
Saginaw . . . . .	11.62	266.89	53.15	213.74	3,101.35	2,324.00
Traverse City . . . .	8.04	285.93	65.52	220.41	2,298.93	1,608.00
Ypsilanti . . . . .	6.02	232.94	71.50	161.44	1,402.30	971.86
Totals	377.38	AV 345.13	AV 61.35	283.78	\$130,245.51	\$ 73,770.21
<b>Sight Saving Classes</b>						
Detroit . . . . .	322.06	247.04	60.37	186.67	79,546.01	60,118.94
Flint . . . . .	21.91	331.27	51.68	279.59	7,267.51	4,384.00
Grand Rapids . . . .	99.52	243.49	82.96	160.53	24,232.64	15,975.95
Highland Park . . . .	13.33	140.31	97.99	42.32	1,870.35	564.13
Jackson . . . . .	9.80	246.42	48.22	198.20	2,414.95	1,942.36
Muskegon . . . . .	16.27	131.98	78.52	53.46	2,147.29	869.79
Saginaw . . . . .	13.44	237.78	53.15	184.63	3,195.75	2,481.43
Totals	496.33	AV 243.13	AV 61.94	181.19	\$120,674.50	\$ 86,336.60
GRAND TOTALS	1,838.85				\$531,802.42	\$348,718.94



TABLE 3.5.--Cost Per Pupil Of Special Education Classroom Programs Within The Kent Intermediate School District, Kent County, Michigan, And The Cost Per Pupil Of Regular Educational Classroom Programs For The School Year 1972-73

Handicapping Conditions	A Spec. Prog. Cost Per Pupil	B Reg. Prog. Cost Per Pupil	C Differ- ential (A-B)	D Cost Index (A/B)
Educable Mentally Retarded	\$1,515	\$952	\$ 563	1.59
Emotionally Impaired	\$2,224	\$952	\$1,272	2.34
Physically Impaired	\$2,942	\$952	\$1,990	3.09
Trainable Mentally Impaired	\$2,150	\$952	\$1,198	2.26

How this additional cost of providing programs for handicapped pupils will be shared between the state and the local district is dealt with differently in the various states. Most states, however, have allocated categorical aid as a method of allocating funds from the state for the education of the handicapped. Table 3.6 is a recap of data reported by the states<sup>4</sup> for the school year 1971-72.

<sup>4</sup>Public School Finance Program, 1971-72, U.S. Department of Health, Education and Welfare/Office of Education. U.S. Government Printing Office, Washington D.C. 20402. State Number/780-01126.

As shown in Table 3.6 there is a wide variation in the per cent of the state dollars spent for education and the state dollars allocated specifically for special education. This differential varies from zero to twelve and nine tense percent.

In those states that do not provide a specific amount of dollars for a categorical aid to fund programs for the handicapped it can not be assumed that monies are not provided for programs for handicapped pupils. For example, states such as New York provide program funding for the handicapped within the basic funding of general education.

Patterns have been developed by the various states as a means of allocating funds to provide programs for the handicapped. These patterns are a means of sharing the cost of programs and services for the handicapped between the state and local school district. Although these patterns are defined in the categorical aids for special education the regular education grants from state to local districts usually bear some of the costs of providing the programs and services for the handicapped. The patterns themselves are not necessarily pure within any state, local school district or program. In the Public School Finance Programs, 1971-72<sup>5</sup> can be

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<sup>5</sup> Ibid.

TABLE 3.6.--Listing of states with specific categorical aids for special education, for fiscal year 1971-72 the dollar amount of total aid to education, dollar amount of categorical aid for Special Education, and the categorical per cent of the total.

State	Total For Education In Millions Of Dollars	Spec. Educa- tion In Mil- lions Of Dollars	Per Cent Of Total For Spec. Education
Alabama	\$ 258.6	.7	.3
Arizona	182.9	3.2	1.7
Arkansas	116.0	.5	.4
California	1,418.7	182.8	12.9
Colorado	159.6	6.8	4.3
Connecticut	273.9	15.7	5.7
Florida	712.7	4.0	.6
Hawaii	222.9	8.4	3.8
Illinois	969.7	63.6	6.6
Indiana	333.1	3.8	1.1
Iowa	211.4	3.7	1.8
Kansas	126.3	3.8	3.0
Louisiana	417.7	1.7	.4
Maine	65.6	1.4	2.1
Maryland	467.7	27.1	5.8
Massachusetts	312.1	18.1	5.8
Michigan	842.4	58.7	7.0
Minnesota	644.1	21.2	3.3
Missouri	325.1	14.0	4.3
Nebraska	43.6	1.3	3.0
New Hampshire	9.2	.9	9.8
New Jersey	551.1	42.0	7.6
New Mexico	145.2	4.5	3.1
North Carolina	497.7	2.1	.4
North Dakota	32.0	.7	.2
Oklahoma	147.6	1.7	1.2
Oregon	104.1	3.9	3.6
Pennsylvania	1,241.1	82.0	6.6
Rhode Island	65.9	1.0	1.5
South Carolina	216.6	.1	-0-
South Dakota	18.9	.4	2.1
Tennessee	246.1	2.1	.8
Vermont	39.1	2.1	5.4
Virginia	410.0	11.1	2.7
Washington	356.6	23.5	6.6
West Virginia	153.7	.4	.3
Wisconsin	327.1	22.3	6.8

found many examples of states that use two or more patterns for funding special education.

There are four basic patterns with sub-patterns that are important to the study of special education finance. The patterns are described and defined using information and examples derived from the Public School Finance Program 1971-72.<sup>6</sup>

1. Flat Grant. A fixed number of dollars allocated for a specific purpose, which bears no necessary defined relationship to cost.

Example of states with this pattern and sub-patterns are as follows.

A. Per Pupil.

1. Arizona - Arizona funds \$380.00 per pupil average daily attendance for educable mentally handicapped, emotionally handicapped and physically handicapped, with different per pupil allowances for other handicapping conditions.

2. Louisiana - Louisiana funds a variable amount per pupil based upon handicapping conditions.

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<sup>6</sup>Ibid.

3. Rhode Island - Rhode Island provides an appropriation of \$1,000,000: The appropriation times the ratio which the number of handicapped children in the district bears to the state total of such children is the amount provided to the local district from the state.

B. Per Teacher or Staff Member

1. Illinois - Illinois provides state funds not to exceed \$5,000.00 per professional staff member.

2. Alabama - Alabama provides a flat dollar amount based upon teacher training and experience with one teacher unit per special education classroom.

3. Minnesota - Minnesota provides \$5,300.00 per staff member.

C. Per Program

1. Missouri - Missouri provides funds per class from \$3,000.00 to \$6,000.00.

D. Other

1. Minnesota - Minnesota provides for the cost of supplies and equipment \$50.00 per handicapped pupil.

2. Illinois - Illinois provides for the cost of special equipment \$25.00 per handicapped pupil.

3. Illinois - Illinois provides funds of \$1,000.00 per special education professional in the district toward special education facilities construction.

2. Excess or added cost is a concept that is intended to bear a relationship to the actual cost of providing programs and services for the handicapped. The added costs are those costs of providing the service or program for the handicapped that are above those costs for providing programs and services for the non-handicapped.

A. Per Pupil.

1. Arkansas - Arkansas provides a grant paid at not to exceed \$400.00 per pupil of the added cost of providing the program or service.

2. Nebraska - Nebraska provides for excess cost to be paid by the state not to exceed \$300.00 per educable, \$600.00 for physically handicapped.

B. Per Teacher of Staff Member.

1. Indiana - Indiana funds a percent of salaries varying from fifty to eighty percent depending upon handicapping conditions.

2. Coloarado - The Colorado formula provides 80% of staff salaries - pro-rated if monies not available.

C. Per Program.

1. Pennsylvania - The Pennsylvania formula provides for the state to pay 100% of excess cost.

2. Oregon - The Oregon formula provides for the state to pay 100% of excess cost.

3. Iowa - The Iowa formula provides for the state to pay 100% of added cost.

3. Stimulation Grant. Grant of money, the purpose of which is to encourage the development of programs, with decreasing support in subsequent years.

Oklahoma - The Oklahoma formula provides \$5000 for each new classroom program which is in excess of the number of classroom programs operated during the previous year. New classroom programs are limited to 250 per year.

4. Equalizing Formula. Method of supporting programs or services based upon a local districts ability to support a program.

Maine - The Maine formula provides that for any expenditure made over and above the cost of educating a normal child in any unit, the state reimburses a percentage of such excess expenditures ranging from 13 per cent in the wealthiest units to 97 per cent in the poorest districts. The state aid percentage is determined as follows.

$$\frac{\text{Median State Valuation Per Pupil}}{\text{Per Pupil Valuation of Municipality}} \times 75 \text{ per cent} = \text{State Aid Percentage}$$

There are additional unique methods of state funding for the handicapped. Examples of these are:

Hawaii - Hawaii is a one school district state that provides 100 per cent of all funding for all programs normally considered the responsibility of the state and local district.

New Hampshire - Because of a reduction in funds available, New Hampshire provides funds solely for the support of educational programs for the handicapped in institutions.



Vermont - by state law the Commissioner of Education is charged with the responsibility of providing programs and services for the handicapped. He designates the programs and schools for such programs with the state paying the cost but charging back each local district for the expenditures based on what a local district spent on a regular student in average daily attendance the pervious year.

Florida - The Florida Plan is based on full-time equivalency: i.e., total number of pupils in classroom programs or services based on a full time equivalency of 25 hours per week. This equals an index of one. The grant from the state is then a flat grant based on the number of hours per week each pupil attends the different types of programs.

#### Summary

Research in Rochester, New York<sup>7</sup> and by the Rossmiller Study<sup>8</sup> indicated that the cost of providing programs and services for the handicapped pupil were

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<sup>7</sup>Ibid.

<sup>8</sup>Ibid.

greater than the cost of providing programs and services for the non-handicapped pupil. This indication is further substantiated when comparing the cost of providing programs and services for the handicapped pupil and the non-handicapped pupil in the 1928-29 school year in Michigan and again in the 1973-74 school year in the Kent Intermediate School District.

The major patterns of funding these higher costs have been defined in this chapter as (1) flat grant, (2) excess or added costs, (3) stimulation grant, (4) equalizing formula. Examples of states funding the costs of programs and services for the handicapped are given along with examples of unique funding patterns used by some states.

The advantages and disadvantages of the patterns described and defined in this chapter are of major importance and will be dealt with in Chapter Five.

## CHAPTER IV

### CHRONOLOGICAL HISTORICAL REVIEW OF SPECIAL EDUCATION FINANCING IN THE STATE OF MICHIGAN AND AN ANALYSIS OF STUDIES REPORTED ON SPECIAL EDUCATION FUNDING IN MICHIGAN

#### Introduction

In this chapter the history of financing special education in Michigan is reviewed. The basic documents used in this review are: (1) Annual and Biennial Reports of the State Superintendent of Instruction, (2) Governor's Budget Reports, (3) Michigan General School Laws, (4) Senate and House Journals, (5) State Board of Education Minutes, 1965 to present, (6) Significant studies and reports reflecting on special education financing in Michigan, and (7) School Aid Acts of Michigan.

General ideas presented in the documents that resulted in the eventual adoption of Public Act 198 of 1971 are presented. The separation of ideas, programs and financing special education is impossible. Therefore, the review addresses itself to all three of the areas as they appear throughout the history of the state of Michigan.

Period 1837 - 1898

During this period the financing of programs for the handicapped were characterized by the following patterns:

- (1) Programs were supported in state institutions only.
- (2) The state of Michigan funded 100 percent of the costs.
- (3) The state of Michigan controlled the programs.

The idea of educating all individuals within the state was emphasized in the first Superintendent's report in 1837.

In laying the foundation of a new State, it is all important to provide not only for the education of every individual of the present, but of each one of the succeeding generations. Unless ample provision is made for each individual of all classes, we can have no security that the great mass will ever be educated; for the great whole is made up of individuals. The neglect of one individual may lead to the neglect of many individuals, and thus the great interests of the whole community be endangered.<sup>1</sup>

However, the handicapped persons in Michigan were not considered to be the educational responsibility of the schools. The handicapped were sometimes considered a rebuke for the sins of parents and were ridiculed, abused, neglected, feared, or hidden by the parents. The responsibility of the state was recognized with the

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<sup>1</sup>Superintendent of Public Instruction, State of Michigan, Annual Report, 1837, p. 1.

passing of the first act to help the handicapped in Michigan in 1848. The Legislature in passing this act established the School for the Deaf in Flint. Funds were made available and it opened in 1854 under the control of the State Board of Education. The school operated in limited quarters until it was moved into a new school building in the spring of 1856 with an enrollment of 47 students and 4 teachers. This school served both the deaf and the blind until 1879, when the Legislature created the school for the blind in Lansing. The latter school opened in 1880 with an enrollment of 33 people.

Little mention was made in the Superintendents reports of the handicapped, except to give an annual report of the numbers of teachers and students, along with the amount allocated from the State until the Superintendent's report in 1888.

Each year the fact that there is great need of some provisions for the care of feeble-minded young persons presents itself more strongly. Among the feeble-minded in the State there are a number of persons who would be fit candidates for such an institution. It would appear that the Legislature must soon recognize the necessity of providing for this class.<sup>2</sup>

In 1893 the Lapeer Home and Training School was established as the Michigan Home for Feeble Minded and Epileptic, with facilities for two hundred-ten children.

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<sup>2</sup>Superintendent of Public Instruction, State of Michigan, Annual Report, 188, p. 76.

Period 1899 - 1923

During this period the first programs to operate within a local district were started, characterized by the following patterns.

- (1) Allowed local districts to operate classroom programs for the handicapped and receive state reimbursement for the handicapped program.
- (2) The state of Michigan funded 100 per cent of appropriate costs with a maximum reimbursement of \$150 per pupil.
- (3) The state of Michigan exerted strong controls.

In 1899 Public Act 176<sup>3</sup> was passed by the Legislature and allowed for the creation of day schools for the deaf with state reimbursement of the costs. Schools were opened in Detroit and Grand Rapids. The Superintendent of Public Instruction developed his own rules and regulations. These are spelled out in the following letter to the Board of Education, Grand Rapids, Michigan, from the Superintendent of Public Instruction, Jason E. Hammon, in a letter dated October 3, 1899.

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<sup>3</sup>Public Act 176, Laws of 1899, General School Laws of Michigan, 1899, p. 105.

Department of Public Instruction  
Lansing, Michigan  
October 3, 1899

To The Board Of Education, Grand Rapids, Michigan:

Your request for the establishment of a day school for deaf children in your city is at hand. The act of the legislature of 1899 (No. 176), which gives the Superintendent of Public Instruction authority to grant his permission in such cases, has been carefully examined, and it has seemed advisable, in view of certain laws and conditions which exist, to prescribe certain rules and regulations as a uniform system for the entire State.

The law is brief and need not be quoted fully in this communication. We wish briefly to state that, in fixing conditions under which permission will be granted, there is no disposition to evade the law or to impose requirements that are unreasonable or unlawful. We desire simply to harmonize this law with other existing laws, and provide other requirements that the law seems to contemplate.

1. Boards of Education must advance the funds. This becomes necessary for one reason at least. By section 1205 of the compiled laws - which say - a system of accounting to the Auditor General of the State is required, involving more labor than either the Auditor General or the Treasurer of a Board of Education will be willing to undertake.

2. Reports of this Department. Immediately after the close of the school year and previous to June 30, a complete report, on blanks furnished by this office, must be made by the Board of Education showing --

a. Name, experience, special qualifications, etc., of each teacher employed, with salary paid.

b. Name, age, sex, parent and guardian's name, place of residence - street and number - of each pupil in attendance at school, days present and days absent. Holidays should be counted as days taught.

c. The aggregate attendance of all pupils enrolled.

3. Number of pupils necessary to the establishment of a school. The law provides that there shall be an average attendance of at least three pupils. No Board of Education shall ask for the establishment of a school unless there are six pupils in the school district eligible to attend such school, and whose parents or guardians agree to send such children to the school.

4. Non-resident pupils. No non-resident pupils should be admitted. The State has an institution for the deaf, and day schools should not compete to the extent of receiving non-residents.

5. Length of the school year. This is fixed by law at nine months. The department rules that 180 days of attendance (holidays included) shall be the basis on which vouchers for the maximum of \$150 per pupil will be allowed.

6. Qualifications of teachers. Teachers employed must have had special training in the teaching of the deaf, and one year's experience as a teacher in a school for the deaf. Information as to an applicant's qualification should be furnished to this department previous to the making of a contract.

7. Salaries paid to teachers. Boards of Education should be as careful in the expenditure of State funds as with the funds of the district, and it is suggested that all teachers in schools for the deaf be employed at a definite salary and that such salaries be not greater than 25 per cent more than the average salary paid to the other teachers of their schools. For the present year salaries ranging from \$600 to \$800 should be considered liberal. \$100 per month should be the limit under present conditions.

8. School appliances. The Board of Education should furnish building or rooms, heating facilities, desks, tables, chairs, black-boards, and such other appliances or apparatus as are usually furnished to the regular public schools. The only appliances paid for out of the State funds should be such as are mentioned in the following list: Text-books, pencils, tables, slates, writing material, toys and apparatus used in schools for the deaf not used in the public schools.



9. Vouchers. The vouchers for use in the disbursement of funds from the State will be prepared by the Auditor General. These vouchers should be made up in triplicate each month for the salaries of the month and for any appliances purchased during the month. All vouchers for salaries should state the time covered by the payment and the rate of salary per school years. Those paying for appliances should state the article, the price per unit, number of units, and total for each purchase. These vouchers should be receipted as provided, and the date of payment by the Treasurer of the School Board should be inserted in the receipt. The Board of Education will preserve one voucher and the other two should be forwarded to this office. We will preserve one and file the other in the office of the Auditor General.

10. Time and manner of payment. The aggregate number of days attendance in the school year should be divided by 180 to determine the number of years of attendance, and this quotient multiplied by 150 to find the maximum amount to be allowed by the Auditor General. Immediately on receiving the report in June, the Superintendent of Public Instruction will advise the Auditor General as to the maximum amount to be allowed to the Board of Education maintaining a school for the deaf under the provisions of the law. The Auditor General will then examine the vouchers filed in his office and draw his warrant on the State Treasurer for the full amount of the vouchers allowed by him, such amount not to exceed \$150 for each 180 days of actual attendance.

Before granting permission for the establishment of a day school for the deaf, I most respectfully request your Board to take formal action agreeing to comply with the above requirements.

Yours very truly,

Jason E. Hammond<sup>4</sup>

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<sup>4</sup>Superintendent of Public Instruction, State of Michigan, Annual Report, 1899, p. 6.

These regulations written by the Superintendent of Public Instruction in 1899 are of great importance to this study. They set forth many of the ideas that have continued throughout the history of financing special education in Michigan. Key regulations of significance to this study are:

1. The Board of Education must advance the money for operation.
2. The deadlines for reports to the department are specified.
3. The names and qualification of each teacher and salary paid must be listed with the state.
4. The names, age, sex, and parent or guardian of pupils served must be listed with the state.
5. The average daily attendance must be reported to the state.
6. The minimum number of pupils needed to start a special school is specified.
7. The number of days and months in session, 180 days, 9 months was a requirement.
8. Maximum amount of reimbursement per pupil of \$150 was paid by the state.
9. The method of payment was specified.
10. The state paid 100% of the total cost within the guidelines of the program.

As early as 1904, the Superintendent of Public Instruction raised the question of local school contributions, and expressed his opinion in his annual report-<sup>5</sup>

It is my opinion also, that instead of the State bearing the entire expense for the support of these schools it should be shared equally by the school district and the State.

The chief argument for the establishment of these schools is that unfortunate children may be trained and remain at home, while if they were to attend the regular State school for the deaf it would necessitate their absence from home during a large part of the year.

Now because the State does maintain a special institution for the training and educating of deaf mutes, I therefore deem that it is no more than just that any particular locality having deaf children and desiring to give them instruction at home should be willing to share in the expense for such education. I, therefore, respectfully call the attention of the legislature to these points of the law and urge that measures be speedily taken to correct existing deficiencies.

Little action was taken on this matter by the Legislature in the years from 1899 to 1923, however the need for expanding special education services repeatedly appeared in the literature. The Superintendent's report<sup>6</sup> for 1914 refers to need for action.

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<sup>5</sup> Superintendent of Public Instruction, State of Michigan, Annual Report, 1904, p. 16.

<sup>6</sup> Superintendent of Public Instruction, State of Michigan, Annual Report, 1914, pp. 15-16.

Schoolmen throughout the country are now beginning to manifest a marked interest in the education of backward and defective children. One factor which has been potent in arousing them to see that something must be done has been the series of investigations made by Thorndike's, Ayres, Strayer, Godland, and others. Thorndike's investigation showed that a large percentage of school children were leaving school before they had completed the eighth grade; Ayers found about one-third of the school children in our large cities to be retarded; and Strayer, in a more recent investigation, brings to light the fact that four per cent of the school children in the cities of the United States are retarded three years or more. Goddard found upon testing two thousand school children by means of the Binet Test of Intelligence that three per cent of them were retarded to such an extent that they pronounced them feeble-minded. Mr. Frank Cody, Assistant Superintendent of the Detroit Schools, infers from studies of retardation made under his direction that three per cent of the school children of Detroit are defective . . .

The general tax-paying public must be brought to see that the proper education of the backward and feeble-minded school children is not only worth while from the standpoint of the individual directly benefited, but abundantly worth while from the standpoint of society as a whole, for by means of the special class we are not only helping the defective child but we are also removing from the regular classes those who are blocking the progress of the normal children, and when the defective child has reached the age of puberty, we are protecting society by placing him in an institution where he will be prevented from propagating his kind.

It will require much education, much dissemination of the knowledge of existing conditions, before the tax-paying members of the community will be willing to make adequate provisions for the education and after-care of these children. But this agitation is bound to result not only in the proper education and after-care of the defective child but in the better education of the unusual children of all types - the exceptionally bright as well as exceptionally dull.

In 1915, Superintendent Fred L. Keeler approved a study of all special education programs in the states towns and cities. As a result of that study the Legislature in 1923 enacted Public Acts 122 and 313<sup>7</sup> providing for the education of all physically handicapped children - and the crippled, the deaf and hard of hearing, and the blind or partially sighted.

#### Period 1923 - 1939

This period is characterized by a change in programs and funding cooperation between the state and local districts. Of major importance was:

1. An increase in the number and type of programs.
2. The state of Michigan reimbursed the local districts 100 per cent of the approved added costs of a program for the handicapped.
3. The State exercised stronger control of programs for the handicapped.

Legislative Acts 122 and 313 of 1923 enabled local school districts to provide classroom programs for special education. The main provisions of these Acts as it relates to financing of special education were:

1. The State reimbursed a local school district the difference between the average per capita cost of instruction for other children in the first eight grades

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<sup>7</sup>Public Acts 122 and 313 of 1923, State of Michigan 1923 Legislative Session.

and the average per capita cost of educating the children enrolled in the special class. In no case was the amount of State Aid to exceed \$200 per child.

2. A Board of Education which did not maintain a special class paid tuition of any child to a school maintaining such schools and classes.

The important points in these provisions were:  
(1) tuition was allowed from the sending district and,  
(2) there was a deduction in state support equal to that spent for regular education in the district. To better explain the total scope of the programs, their cost to both local districts and the State, the following information has been reproduced from the Biennial Report of the State Superintendent.

#### GROWTH OF SPECIAL CLASSES

The growth and increase in the number of special classes has been rapid since 1923, and Michigan stands high in its provision for this kind of special education. During the year 1928-1929, there were 64 special schools and classes in 23 cities of the state. Through these special classes 165 teachers were employed and 2,392 children were afforded special educational advantages. These special schools and classes are distributed throughout the state so that 56% of the general population is now being served. The total cost of educating these 2,392 children during the year 1928-1929 was \$531,802.42. \$348,718.94 or 65.5% of the total cost was

reimbursed by the state to the local district. The following table shows the kinds of special classes and number of pupils in each for the year 1928-1929.<sup>8</sup>

TABLE 4.1.--Graphic Comparisons--1927-28 and 1928-29.

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1. Number Children Enrolled						
1928-29	Orth.	1289	O.D.	473	S.S.	630
1927-28	Orth.	1080	O.D.	404	S.S.	588
2. Number Teachers Employed						
1928-29		165				
1927-28		145				
3. Total Cost of All Special Classes						
1928-29		\$531,802.42				
1927-28		\$470,908.92				
4. Total Amount Reimbursed By State						
1928-29		\$348,719.94				
1927-28		\$307,013.62				
5. Per Cent of Total Cost Reimbursement						
1928-29		65.6%				
1927-28		65.2%				
6. Number Each Kind of Special Class						
1928-29	Orth.	17	O.D.	13	S.S.	7
1927-28	Orth.	12	O.D.	12	S.S.	6

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After several years of operation of these programs the following suggestions were made by the Superintendent of Public Instruction.

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<sup>8</sup> Superintendent of Public Instruction, State of Michigan, Biennial Report, 1928-1929, pp. 87-89.

In the case of special education, there has existed for several years and optional program in which the State has reimbursed local districts for the excess costs of conducting classes for certain types of handicapped children, including the blind, partially seeing, deaf, hard of hearing crippled, cardiopathic and epileptic. The working of the Act, however, makes it possible for only the largest cities to avail themselves of its advantages. A change in this law is needed, therefore, (1) to permit the establishment of smaller centers in the less densely populated areas of the State to serve more than one district; (2) to permit a modified program.<sup>9</sup>

In 1939 the Legislature amended the Special Education Act<sup>10</sup> to include crippled children from the fourth birthday, allow summer programs, and increase service to rural children through permitting special education centers to serve surrounding areas.

State reimbursement for special classes was increased, the reimbursement being computed upon the additional per capita cost of special education.

#### Period 1940 - 1958

The characteristics and patterns of this period were:

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<sup>9</sup> Superintendent of Public Instruction, State of Michigan, Biennial Report, 1935-1937, p. 12.

<sup>10</sup> Public Act 328 Amended Sections 1, 2, 3, 4, 5, and 6, Chapter 19, Part II, School Code (7556, 7557, 7558, 7559, 7561, C.L. 1929).



1. Added cost formula with State paying 100 per cent of added cost with a maximum reimbursement still in effect.
2. Programs and funding for the trainable mentally retarded were provided.
3. Cooperation began on county wide basis with passing of P.A. 18 of 1954.
4. Period of awareness of need of the handicapped.

During the early 1940's very few changes were made in the numbers of special education programs and little was done to improve the lot of the handicapped. The concern of the Department of Public Instruction towards the handicapped was becoming apparent and is pointed out by the information published by the division of special education.

Definition of term 'exceptional children:' The term exceptional children is applied to those children who because of physical, mental or emotional deviations, need additional services not required by non-exceptional children. The home-bound or hospitalized children, those suffering from crippling conditions, the cardiopathis, the acoustically or visually handicapped, or those of lowered vitality are the physically handicapped. Children who are mentally defective or slow or those who have brain injuries are included in the mentally handicapped group. Children with behavior problems, including not only the delinquent or pre-delinquent but also those who are overly aggressive or recessive, are considered as emotionally disturbed. Those having several types of handicaps are classified as the multiple-handicapped children.

Number of exceptional children: Of the approximately one million school children in Michigan, 7,000 are crippled, 5,000 are acoustically handicapped, 3,000 are visually defective, 40,000 are speech defective, 2,000 are emotionally disturbed, and 20,000 are mentally defective.

This means that about 95,000 children must be given some degree of special services beyond those necessary for the average child if the ideal of equality of educational opportunity is to be realized in Michigan.

Needs not now met: Provisions for the care and education of exceptional children in day schools and residential schools in Michigan have long been a matter of local pride and a source of inspiration and leadership to other states. In 1946-1947, the Michigan programs designed to meet their specific needs were available to 2,178 of the 7,000 crippled children; 853 of the visually defective; 1,481 of the 5,000 with hearing defects; 18,182 of the 40,000 speech defectives; 8,626 of the 20,000 emotionally disturbed; and 5,500 of the 20,000 mentally handicapped.

How needs can be met: Segregation of exceptional children for full time or part-time should be used only when there is no other satisfactory method of meeting their needs. However, it should be recognized that permitting a child to attend classes with normal children, regardless of the fact that he cannot benefit from the type of program available, does not give him the educational program to which he is entitled. Nor is the problem solved by encouraging him to quit school, too often utilized when children become mental or behavior problems.

In many cases the exceptional child should attend the classes for non-exceptional children, but specified services and thoroughly trained consultants should be available to the regular teacher. In other instances the child should attend regular classes for normal children part time and go to other classes for specialized services. In fewer, but still significant numbers, special classes are required.

Changes in school laws are needed to improve special services: Much can be done to improve the services to exceptional children now receiving partial help and also to include the thousands of children whose needs are not now met. Two changes in existing school laws would go a long way towards providing these essential services.

1. Removal of the present age limits for participation in a special program so that the child who is severely crippled, blind, or deaf could start a pre-school program designed to give him the type of development which the normal child achieves at home or in other contacts before he enters school. Elimination of the upper-age limits would benefit those children who, because of physical conditions, are deprived of educational opportunities for long periods of time. Under the present law they are excluded from the educational program when they reach the age of 19.

2. Removal of the \$200 per child excess cost limitation. This amount established by the Legislature in 1923, is now inadequate. School districts cannot provide needed programs under this limited sum.

Visiting teacher program should expand: Since its beginning in 1944, the Visiting Teacher Program has demonstrated its effectiveness in the advancement of education. When it was enacted, the law provided for reimbursement to the school district of one-half the expense. It was thought that \$1,500 per visiting teacher would be sufficient to meet this requirement, but this amount is no longer sufficient. A suggested solution would be to provide for reimbursement of half the cost, with no definite limit or specific amount stated.

Provision needed for the mentally handicapped: The child often "forgotten" is the one who is mentally exceptional, who because of limited mental ability needs more help but is usually given less than the ordinary child. It has been demonstrated that, in the vast majority of cases, children who are mentally handicapped become self-supporting citizens if they are provided a functional educational program adapted to their needs

and interests. On the other hand, those who do not receive such educational help predominate on the rolls of correctional institutions and social welfare departments.

It is not uncommon to find rejected, problem, and mentally handicapped children herded together in some classroom. The reason for this action is not primarily one of providing an educational program for these youngsters so that they may become a good and self-supporting citizens. Usually they are considered the misfits of other classes who must be provided for somehow so that the "normal" children and their teachers may not be disturbed. Because of this approach, the unsuccessful, or the non-specially trained teacher is often assigned to teach the class of problem children.

Providing an adequate program for the mentally handicapped is a serious problem in the smaller school districts where such children are so few that no special program can be arranged. These districts may not pay the tuition and transportation of their children to a larger district which may have a special program. The education of these children is consequently either entirely neglected or the parents are forced to pay both tuition and transportation costs for school privileges in another district, providing that the Board of Education of that district will accept the children. In some districts parents have been forced to start programs for their unfortunate children at their own expense.

The most far-reaching solution of this problem is to provide a program for the mentally handicapped children similar to that now possible for the physically handicapped child.<sup>11</sup>

The changes in school laws suggested in this report are of significant value to this study as they point out, (1) the need to serve all the handicapped

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<sup>11</sup>Superintendent of Public Instruction, State of Michigan, Biennial Report, 1946-1948, pp. 10-12.

at ages that differ from normal students, (2) the apparent habit of legislators to establish a maximum on reimbursement of special education programs and then leave it there for many years, i.e., the period from 1923 to 1948 when a \$200 limiter per pupil was in force.

The trends in special education for the physically handicapped included:

1. Establishment of integrated instead of separate units for the physically handicapped.
2. Initiation of high school counseling for physically handicapped students.
3. Extension of special education services into small towns and rural areas.
4. Development of experimental instructional programs.
5. Initiation of nursery school programs for the physically handicapped.
6. Extension of in-service education of both general and special education teachers.<sup>12</sup>

In May 1952, a revision of the bulletin describing the State mentally handicapped program was published. This bulletin was No. 413, State Plan for Education of Mentally Handicapped.<sup>13</sup>

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<sup>12</sup>Superintendent of Public Instruction, State of Michigan, Biennial Report, 1948-1950, p. 11.

<sup>13</sup>State Plan for Education of Mentally Handicapped, Bulletin No. 413, Michigan Department of Education, May 1952.

The first reaction to the influence of parent groups is reflected in comments in the Superintendent's Biennial Report of 1950-1952.

Continued cooperation with the State parent group, the Michigan Association for Retarded Children, an organization of parents whose children are not in the public school program, has been a challenge in the State program and in local school system.

There are twenty-five organized local groups and there are eleven of these parent associations operating day groups for these children. New parent groups are organizing in all parts of Michigan.<sup>14</sup>

#### Period 1959 - 1970

This period was characterized by changes in basic concepts of funding and expanded program as follows:

1. A change was made in basic funding to a concept of weighted membership for classroom programs and a salary reimbursement for other programs based on 25 memberships.
2. Programs were expanded to include students not previously served.

Basic concept changes from added costs to weighted membership and teacher salary reimbursement were part of the 1958-1959 State School Aid Act.<sup>15</sup> Sections of the Act that affect the funding of special education programs are:

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<sup>14</sup>Superintendent of Public Instruction, State of Michigan, Biennial Report, 1950-1952, p. 12.

<sup>15</sup>State Aid Act 1958-1959, Act #312 of the Public Act of Michigan 1957 as amended, by Act #22, P.A. 1958.

### Section 12. "Membership"

That handicapped children enrolled under the provisions of section 771 to 780, inclusive, of the school code of 1955, being sections 340.771 to 340.780, inclusive, of the Compiled Laws of 1948 may be counted in membership for the ages provided in those sections and in the following manner: Each pupil designated by the Superintendent of Public Instruction as being physically handicapped, type I, shall be counted as 4 memberships, each pupil enrolled in the programs for the homebound and hospitalized up to 15 full-time pupils per teacher shall be counted as 2 memberships, each pupil designated by the Superintendent of public instruction as being mentally handicapped, types A and B, up to 15 full-time pupils per teacher shall be counted as 2 memberships and for each instructor or teacher approved by the superintendent of public instruction for speech correction and visiting teacher programs and for each professional employee other than classroom teachers approved by the superintendent of public instruction as necessary to carry on approved programs under the provisions of sections 771 through 780, inclusive, of the school code of 1955, being section 340.771 to 340.780, inclusive, of the Compiled Laws of 1948, a membership allowance of \$4,750.00: Provided further, that the amounts hereby appropriated for special programs under the provisions of sections 771 to 780 of the school code of 1955, being sections 340.771 to 340.780 of the Compiled Laws of 1948, shall not exceed 75% of the actual cost of such programs as determined by the superintendent of public instruction.

### Section 10t. "Tuition"

Any district paying tuition for pupils being educated under the provisions of section 771, 772, 773, 774, 778, 779 and 780 of the school code of 1955, being sections 340.771, 340.772, 340.773, 340.774, 340.778, 340.779, and 340.780, respectively, of the Compiled Laws of 1948, shall be allowed an amount sufficient to pay the tuition charged the district in excess of \$50.00 per pupil but less than \$101.00 per pupil and all over \$150.00 per pupil plus and sums which such district shall be apportioned under other sections of the act: Provided, That no allowances for such pupils shall be given under subsections (d) and (e) of this section.

Section 10h. "Summer School"

Any district operating a summer school program for the physically handicapped as approved by the superintendent of public instruction shall be allowed the actual cost of the program up to \$3.00 per day attended by each pupil who is not enrolled full-time in an approved program for the physically handicapped during the school year immediately preceeding the close of such summer school.

Section 11. "Transportation"

Any district providing transportation for mentally handicapped children or board and room for physically and mentally handicapped children under the provisions of section 774 and 778, inclusive, of the school code of 1955, being section 340.774 to 340.778, inclusive, of the Compiled Laws of 1948, shall be allowed an amount sufficient to pay the transportation up to \$200.00 per pupil and the board and room up to an amount approved by the superintendent of public instruction: Provided, That no allowance for such pupils shall be given under subsections (a) and (b) of this section.

The basis for funding of special education programs remained the same during 1959, 1960 and 1961 except to increase the amount allowed for reimbursement of teachers salaries from \$4,750 to \$5,125. However, two major changes took place in 1962.

1. The 1962-63 State Aid Act stated: Not to exceed \$12,000,000.00 shall be used from the school aid fund for the payment for special education programs.

2. Allowed school districts to provide for trainable programs for trainable individuals up to age 21.<sup>16</sup>

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<sup>16</sup>State School Aid Act 1962-1963 (Act #312 of the Public Acts of 1952 as amended.).



Of basic significance to this research project are the guidelines for funding of a trainable program because this funding formula relates the reimbursement of a program cost to the actual costs. The following guidelines were formulated by the Department of Public Instruction and became effective June 27, 1962.

MICHIGAN  
DEPARTMENT OF PUBLIC INSTRUCTION  
LANSING

Policy Concerning Reimbursable Costs  
for County Programs for the  
Trainable Mentally Handicapped

I. Teachers

Total salaries of approved teachers may be claimed.

II. Supplies and Equipment

A. Instructional Materials and Supplies

Total actual costs for instructional supplies may be claimed. Instructional materials and supplies would include items which are directly related to the instructional program.

B. Equipment

Direct equipment rental charges for such items as desks, chairs, etc., which may not already be included in the rental fee, may be claimed. Needed equipment, as defined in the School Finance Accounting Manual, Bulletin 1022, Revised 1962, may be purchased and claimed.

### III. Diagnostic Charges

The following policies will be in effect.

- A. Employment of full time school diagnosticians for the mentally handicapped upon the present population basis (i.e. 5,000 membership) is permissible. Reimbursement may be claimed on Form SE-105, Application for State Approval for the School Diagnostician for the Educational Programs for Mentally Handicapped.
- B. State Reimbursement for Diagnostic services when full time diagnosticians are not available will be limited to the actual cost up to \$1,500 for each approved teacher-unit.

### IV. Teachers' Assistants

Total Costs, but not more than one assistant per teacher, may be claimed.

### V. Supervision

When operated by contract with a local school, these costs may be pro-rated in the same manner as the Type B program. Costs for these items are pro-rated. If in addition the county office also provides supervisory services to this program, this cost may also be claimed.

When the program is operated directly by the county, this charge may include pro-rated costs for the supervisory services of the County Superintendent, Special Education Director, and/or Special Education Consultant. These supervisory costs may be allowed up to \$1,000 per approved teacher-unit.

### VI. Transportation

Actual costs for transportation may be claimed.

### VII. Housing of Program

- A. Actual costs may be claimed for leasing or renting a facility.

## B. Operation and Maintenance

Actual costs may be claimed for:

Operation of Plant  
Maintenance of Plant  
Fixed Charges

When operated by contract with a local school and if operated in a regular school building, these costs may be pro-rated in the same manner as the Type B program costs for these items are pro-rated.

When operated by contract with a local school, but housed in a separate facility, these costs may be included in the rental charge, or direct charges may be claimed for them.

When the program is operated directly by the county, these costs might be included in the rental charges, or direct charges could be claimed for them. Remodeling costs would be regarded as capital outlay and are therefore not reimbursable.

## VIII. State Reimbursement

State reimbursement of 75% of actual cost will be based on the above listed items beginning with the second semester of the 1962-63 school year.

The date the second semester begins will be determined by the beginning date of the second semester in the public school district in which the program is located.<sup>17</sup>

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<sup>17</sup>Rules and Regulations for Programs Established Or Operated By County School Districts for Trainable Mentally Handicapped Individuals, By Authority of Act 312, Public Acts of 1957, as last amended by Act 221, Public Act of 1962. Superintendent of Public Instruction, Lansing, Michigan. (Mimeo)

The following table points out the state's maximum reimbursement per professional staff member since 1965-66.

As is apparent the pay-out has not been 100% of the formula since the 1966-67 school year. When one considers also the increase in average teacher's salaries to approximately \$12,000 in the 1972-73 school year a pay-out of \$5,670 does not equal a 50 per cent pay-out of average salaries.

In 1971, the state Legislature enacted Public Act 198, popularly referred to as the Mandatory Special Education Act. This act mandates the establishment of programs for all handicapped children age 0 throu 25 and requires that the Intermediate District and local district provide for each handicapped person to attain his maximum educational potential. It also provides that there shall be a local financial contribution and that facilities may be constructed, leased or otherwise acquired by an intermediate district.

Many problems relative to the implementation of mandatory special education are unresolved. It is not the intent of this writer to be concerned with all of these problems, but to point out that services are now mandated and that this would be expected to require an additional expenditure of funds.

TABLE 4.2--Relationship Between Formula For Funding Professional Special Education Personnel and Actual Payout For Each Professional.

Salary	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
9500									
9000									
8500						(a) <u>8,100</u>	(a) <u>8,100</u>	(a) <u>8,100</u>	(a) <u>8,100</u>
8000				(a) <u>7,700</u>	(a) <u>7,700</u>				
7500									(b) <u>7,200</u>
7000		(a) (b) <u>7,012.50</u>	(a) <u>7,012.50</u>				(b) <u>7,047</u>		
6500	(a) (b) <u>6,375</u>	(b) <u>6,400</u>		(b) <u>6,501</u>	(b) <u>6,734</u>				
6000									
5500			(b) <u>5,940</u>					(b) <u>5,670</u>	
5000									

(a) State funding formula per teacher.

(b) State actual pay-out per teacher.