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Senate Bill 925 (as introduced 2-24-22)
Sponsor: Senator John Bizon, M.D.
Committee: Education and Career Readiness

Date Completed: 3-1-22

CONTENT

The bill would enact a new law to do the following:

- **Create the "Learning Loss Recovery Grant Program" and the "Learning Loss Recovery Fund" within the State Treasury.**
- **Require the Department of Treasury, within seven days after the bill's effective date, to issue a request for proposals for the selection of private vendors that would aid in the administration of the grant program.**
- **Require an eligible student to apply for a grant in a form and manner prescribed by the Department, and define who would be an eligible student.**
- **Require money in the Fund to be distributed through the grant program in consecutive funding rounds and allow the Department to administer addition funding rounds if money were not distributed in previous rounds.**
- **Require at least 40% of the money distributed in each funding round to be awarded to applicants who lived at or below the Federal poverty guidelines.**
- **Require the Department to give higher priority in distribution to applicants with the lowest learning retention scores, and prescribe the method for calculating an applicant's learning retention score.**
- **Limit the total amount of all grants awarded to an eligible student to \$1,500.**
- **Specify the services and supplies for which grant money could be used.**
- **Require vendors to create an online learning loss recovery marketplace.**
- **Require a grant recipient to use grant funds within 12 months after the date of disbursement.**
- **Prohibit the Department from granting or denying an eligible student money because of the student's previous enrollment in a public school academy (PSA) or nonpublic school.**
- **Require the Department, by January 30, 2023, and every January 30 each year thereafter, to publish a review of the Fund and specify the information that would have to be included in the review.**
- **Require the Department, by March 30, 2022, to make a COVID-19 school disruption audit available on its website and require the Department to update the audit before the opening date of each funding round.**
- **Require the Legislature to appropriate \$500.0 million in available Federal funds to the Fund.**

Learning Loss Recovery Grant Program

Under the bill, the Department would have to create the Learning Loss Recovery Grant Program. From funding appropriated to the Fund for the Program, the Department would have

to distribute grants to eligible students for recovering losses to learning for eligible students who education was disrupted as a result of the COVID-19 pandemic. "Grant program" would mean the Learning Loss Recovery Grant Program but does not include grant programs in other states.

"As a result of the COVID-19 pandemic" would include any of the following outcomes as a result of the pandemic:

- Mandated school closures.
- Voluntary school closures due to staff shortages, staff preferences, or illness outbreaks.

Learning Loss Recovery Fund

The Learning Loss Recovery Fund would be created in the State Treasury. The State Treasurer would have to deposit money and other assets received from any source into the Fund and would have to direct the investment of money in the Fund and credit interest and earnings from the investments to the Fund. The Department would be the administrator of the Fund for auditing purposes and could spend money from the Fund on appropriation only for the following:

- Making grant distributions.
- Contracting with private vendors that would aid in the administration of the grant program.
- Paying reasonable expenses for staff services to administer and enforce the bill's requirements related to the grant program and the Fund.

Selection of Vendors & Grant Application Process

Within seven days after the bill's effective date, the Department would have to issue a request for proposals for the selection of private vendors that would aid in the administration of the grant program. The Department would have to select vendors within a timeline that allowed for compliance with the deadlines included in the bill.

A student who was enrolled in or attended a Michigan public or nonpublic school for at least the equivalent of two semesters or one full school year during the period that began on March 9, 2020, and ended on April 1, 2022, would be an eligible student. In order to receive a grant through the program, an eligible student would have to apply for the grant in a form and manner prescribed by the Department. All the following would apply to a grant application:

- Applications would have to be submitted by the student's parent or legal guardian; however, an eligible student would be considered the primary applicant even if his or her parent or guardian submitted the application.
- For an income portion of the application, if a student were a child for whom his or her parent or guardian had custodial, noncustodial, or shared custody arrangement, both parents' or guardians' incomes would be applicable and would have to be listed separately in the application and the Department would have to consider the average of both incomes.
- For multihousehold applications, the student would have to indicate his or her primary household on the application.
- For applications with only one household listed, that household would be the primary household for disbursement purposes.
- Applicable income information on the application would have to be based on the 2020 tax year.

The Department would have to define a list of alternative forms of proof of income for an applicant who did not have access to or did not file a tax return for 2020, including any of the following alternative forms of proof:

- A tax statement from an earlier year.
- Three or more recent paystubs.
- Proof of enrollment in a social safety net program such as the Temporary Assistance for Needy Families (TANF) program or the Women, Infants, and Children (WIC) program.

For applicant whose income was verified by proof of enrollment in a social safety net program, the income for that applicant would have to be set at the highest amount that would qualify the applicant for that benefit under current law.

Distribution of Funds

Except as otherwise provided, money in the Fund would have to be distributed through the grant program in consecutive funding rounds, as determined by the Department. Any money that was not distributed because of a lack of qualified applicants in a funding round could be distributed in the next funding round. If money in the Fund were not distributed because of a lack of qualified applicants in three funding rounds, the Department could administer additional funding rounds on a reasonable and similar timeline as the previous three funding rounds.

At least 40% of the money distributed in each funding round would have to be awarded to applicants that lived at or below the Federal poverty guidelines. Except as otherwise provided, money in the Fund would have to be distributed as follows:

- 50% of the money would have to be distributed in round one.
- 25% of the money would have to be distributed in round two.
- 25% of the money would have to be distributed in round three.

If four or more funding rounds were added by the Department, the above distribution percentages for each round of funding would be determined by the Department. Applications for grants for each funding round would have to be open as follows:

- April 1, 2022, to May 15, 2022, for round one.
- May 16, 2022, to June 30, 2022, for round two.
- July 1, 2022, to August 15, 2022, for round three.
- If four or more rounds were added, the Department would have to determine the dates for which applications for those rounds would be open.

Grants through the grant program would have to be distributed to eligible students as follows:

- Grant disbursements for funding round one would have to be distributed by no later than June 1, 2022.
- Grant disbursements for funding round two would have to be distributed by no later than July 15, 2022.
- Grant disbursements for funding round three would have to be distributed by no later than September 1, 2022.
- If four or more funding rounds were added, the Department would have to determine the dates of distribution for grant disbursements for those funding rounds.

In distributing grants through the grant programs, the Department, for distributions in each funding round, would have to give higher priority in distribution to applications with the lowest

learning retention scores. An application's learning retention score would be the result of the equation described below:

- The applicant's household poverty score would have to be determined by assigning a whole number to the percentage of the Federal poverty guidelines in which the applicant's household was.
- The number of days the applicant's school had operated without an in-person option during the period that began on March 1, 2020, and ending on the date the application period began for the funding round during which the application would be considered would have to be multiplied by 0.05; for cyber schools or for a designed full-time virtual program, the number of days the school or program operated without an in-person option would be zero.
- The result from the calculation above would have to be added to the number of days the eligible student's school was closed without a virtual education option being made available.
- The poverty score would have to be divided by the result of the calculation in the third bullet.

The total amount of all grants awarded through the grant program distributed to each eligible student could not exceed \$1,500. A grant awarded through the program would have to be distributed via an electronic account that was assigned to the primary household that was indicated on the application for a grant.

A grant awarded through the grant program could be used only to purchase educational supplies, opportunities, and supportive services that a parent or legal guardian identified to be reasonably likely to help address a lost or disrupted educational experience for his or her child who was an eligible student, excluding tuition and expenses related to attendance at a nonpublic school. All purchases made with a grant received from the grant program would have to be made through the marketplace. The marketplace, to the extent possible, would have to include all the following services:

- Tutoring.
- Enrollment as an eligible student in an eligible course under the Postsecondary Enrollment Options Act.
- Tuition or expenses related to trade courses, classes, or apprenticeships.
- Software.
- Before- or after-school educational programs.
- Day camps, including camps for academics, music, and arts.
- Tuition at learning extension centers.
- Expenses related to establishing or administering learning pods.
- Purchase of curricula and materials.
- Educational, learning, and study skills services.

The private vendors chosen by the Department to aid in the administration of the grant program would have to establish an online learning loss recovery marketplace for connecting grant recipients with eligible supplies, opportunities, and services.

The private vendors also would have to create a verification process through which vendors whose products and services complied with the bill's requirements were added to the marketplace. A vendor would have to apply for inclusion on the marketplace in a form and manner prescribed by the Department. Vendors who were already approved to provide services through a substantially similar grant program in another state would have to be approved automatically for addition to the marketplace. The approval or denial of other vendors would have to occur on a rolling basis. However, an approval or denial for the

inclusion of a vendor on the marketplace would have to be completed by no later than seven days after an application for inclusion on the marketplace was submitted.

A grant recipient would have to use the money within 12 months after disbursement of the grant. Any money remaining in an electronic account after 12 months would have to be redeposited into the Fund and used for future rounds of distribution.

The Department could not grant or deny an eligible student money solely because of the student's previous enrollment in a PSA or nonpublic school.

Review of Grant Program

By no later than January 30, 2023, and every January 30 each year thereafter, the Department would have to publish a review of the Fund and the grant program. The review would have to be made publicly available on the Department's website and would have to be submitted to the Governor, the Senate Majority Leader, the Speaker of the House of Representatives, the standing committees of the Senate and House with primary responsibility over issues that pertained to the Department of Education, Senate and House Appropriations Committees, and the Senate and House appropriations subcommittees with primary responsibility over issues that pertained to the Department of Education.

The review also would have to include all the following:

- The amount disbursed in each funding round.
- The amount remaining in the Fund as of the date of the review.
- The number of students who received a grant through the grant program as of the date of the review.
- The number of households that received grants through the program as of the date of the review.
- The average number of grants approved through the program, as of the date of the review, per household and a breakdown of how many households received one, two, three, or four or more grants through the grant program.
- The administration costs associated with the grant program and the Fund.
- Whether the administration costs could be reduced by issuing a request for proposals.
- Any other information that significantly affected the Department's administration of the Fund.

By no later than March 30, 2022, the Department would have to make a COVID-19 school disruption audit publicly available on its website and list the audit URL on grant program applications. The Department would have to update the audit before the opening date of each funding round. The audit would have to include all the following:

- The number of days that each school, listed by building, in Michigan was closed without a virtual or alternative education option available to students during the period that began on March 9, 2020, and ended on the date the audit or audit update was posted publicly.
- The number of days that each school, listed by building, in Michigan that made available only a virtual educational option to students during the period that began on March 9, 2020, and ended on the date the audit or audit update was posted publicly.

Lastly, the bill states that the Legislature must appropriate \$500.0 million in available Federal funding to the Fund to be used as described in the bill.

Legislative Analyst: Dana Adams

FISCAL IMPACT

The bill would have a minor fiscal impact on the Department of Treasury, as it would have to administer the Learning Loss Recovery Fund and select vendors to aid in administration of the grant program. If the Department found vendors, the overall costs on the Department would be minimal and within current appropriations. Any additional costs on the vendors and the Department for administration of the grant program would be supported from \$500.0 million in Federal funds deposited into the Learning Loss Recovery Fund. The bill does not specify what Federal funding would be appropriated; however, any funds that were used would be unavailable for other purposes.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.