

LEARNING LOSS RECOVERY GRANT PROGRAM

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House Bill 5859 (proposed substitute H-1)

Sponsor: Rep. Julie Alexander

Committee: Education

Complete to 2-28-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5859 would create a new act to establish a program to provide grants, upon appropriation, for eligible students whose education has been disrupted by the COVID-19 pandemic. The program would be administered by the Department of Treasury and a private vendor selected by the department. The grants would be limited to \$1,500 per student and would have to be used for specified educational services, programs, or materials offered by private vendors. The grants would be distributed in a series of three rounds lasting roughly 45 days each, with the first application period beginning June 1, 2022. The bill would create the Learning Loss Recovery Fund to fund the grants and program administration. The bill also would require the Department of Treasury to publish a COVID-19 school disruption audit and an annual review of the grant program.

Learning loss recovery grant program

The bill would require the Department of Treasury to create the learning loss recovery grant program. From money appropriated to the Learning Loss Recovery Fund (see below), the department would have to distribute grants to *eligible students* whose education has been disrupted *as a result of the COVID-19 pandemic* for the purpose of recovering losses to their learning.

Eligible student would mean a student who was enrolled in or attending a public or nonpublic school in Michigan for at least the equivalent of two semesters or one full school year during the period from March 9, 2020, to June 1, 2022.

As a result of the COVID-19 pandemic would include at least the following outcomes *as a result of the COVID-19 pandemic*:

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

Within seven days after the bill takes effect, the Department of Treasury would have to issue a request for proposals for the selection of a private vendor to aid in the administration of the grant program. The department would have to select vendors in time to comply with the bill's other deadlines.

Learning Loss Recovery Fund

The bill would create the Learning Loss Recovery Fund in the state treasury. The state treasurer would have to deposit money and other assets received from any source into the fund, direct the investment of money in the fund, and credit to the fund interest and earnings from those investments. The Department of Treasury would be the administrator of the fund for auditing

purposes. The department would have to spend money from the fund, upon appropriation, only for the following purposes:

- To make grant distributions as provided in the bill.
- To contract with private vendors that will help administer the grant program.
- To pay reasonable expenses for staff to administer the program and fund.

Funding rounds

The Department of Treasury would have to distribute grants in three rounds. Any money not distributed in a round due to a lack of qualified applicants could be distributed in the next round. If in a given round there were not enough qualified applicants to distribute the percentage of money described in the table below, the Department of Treasury could distribute the percentage it determined appropriate. If after three rounds money remained in the Learning Loss Recovery Fund due to a lack of qualified applicants, the Department of Treasury could administer additional rounds on a reasonable timeline similar to that of the first three rounds. Money in the Learning Loss Recovery Fund would be distributed as follows:

	Percentage of fund money distributed (if enough qualified applicants)	Application period	Grant distribution deadline
Round 1	50%	June 1 to July 15, 2022	August 1, 2022
Round 2	25%	July 16 to August 31, 2022	September 15, 2022
Round 3	25%	September 1 to October 15, 2022	November 1, 2022
Any additional rounds	Determined by the Department of Treasury	Determined by the Department of Treasury	Determined by the Department of Treasury

Distribution parameters

At least 40% of the money distributed in each round would have to be awarded to applicants who are living at or below the federal poverty guidelines published annually by the U.S. Department of Health and Human Services. In addition, in distributing grants in each round, the Department of Treasury would have to give higher priority to applicants with the lowest *learning retention scores*.

An applicant’s *learning retention score* would be determined by assigning a whole number to the percentage of the federal poverty guidelines the applicant’s household is in. This number would then be divided by the sum of the following:

- One half of the number of days the applicant’s school has operated without an in-person option during the period beginning March 1, 2020, and ending on the date the application period began for the applicable funding round.
- The number of days the eligible student’s school was closed without a virtual education option being made available. (The number of days a cyber school or designated full-time virtual program operated without an in-person option would be zero.)

The total amount of all grants awarded to each eligible student could not exceed \$1,500.

An eligible student could not be granted or denied money solely because of prior enrollment in a public school academy or nonpublic school.

Grant applications

The bill would require the Department of Treasury to prescribe the form and manner of a grant application in consultation with the private vendor selected as described above. All of the following would apply to a grant application:

- The parent or legal guardian of an eligible student could submit an application, but the eligible student would still be considered the primary applicant.
- If the parents or legal guardians of an eligible student have a custodial, noncustodial, or shared custody arrangement for the student, the incomes of both would apply and would have to be listed separately in the application. The Department of Treasury would have to consider the average of the incomes.
- For multihousehold applications, the eligible student would have to indicate which household is the primary household for purposes of grant disbursement. If only one household were listed, that household would be the primary household.
- Applicable income information would have to be based on the 2020 tax year. The Department of Treasury would have to develop a list of alternative forms of income documentation for applicants who do not have access to a tax return for 2020 or who did not file one. The list would have to include the following:
 - A tax statement from an earlier year.
 - Three or more recent pay stubs.
 - Proof of enrollment in a social safety net program, such as the Temporary Assistance for Needy Families program or the Women, Infants, and Children program. The income of an applicant whose income is verified under this provision would be the highest amount with which the applicant would qualify for the program.

Awarded grants

A grant would have to be distributed through an electronic account assigned to the primary household indicated on the application. All purchases made with a grant would have to be made through the marketplace described below. A grant could be used only to purchase educational supplies, opportunities, and supportive services that a parent or legal guardian identifies as reasonably likely to help address the eligible student's lost or disrupted educational experience, not including tuition and expenses related to attendance at a nonpublic school. A grant recipient would have to use the money within 12 months after the date the grant is disbursed. Any money remaining in an electronic account after that time would have to be redeposited into the Learning Loss Recovery Fund for future rounds of grant distribution.

Marketplace

The private vendor selected by the Department of Treasury to aid in the administration of the grant program would have to establish an online learning loss recovery marketplace for the purpose of connecting grant recipients with eligible supplies, opportunities, and services. The private vendor would have to create a verification process through which vendors whose products or services comply with the requirements of the bill are added to the marketplace. A vendor could apply for addition to the marketplace in a form and manner prescribed by the

Department of Treasury in consultation with the private vendor selected to aid in administration of the grant program. The Department of Treasury would have to thoroughly review the applications and approve or deny them in a timely manner on a rolling basis. Vendors added to the marketplace would have to be those that provide high-quality in-person and virtual services and goods. In addition, the fact that a vendor has been approved in another state to provide services through a substantially similar program would have to be considered as a significant factor for approval of the vendor's addition to the marketplace.

To the extent possible, the marketplace would have to include access to all of the following products and services:

- Tutoring.
- Enrollment under the Postsecondary Enrollment Options Act as an *eligible student* in an *eligible course*, as those terms are defined in that 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, or study skills services.

COVID-19 school disruption audit

By May 31, 2022, the Department of Treasury would have to make a COVID-19 school disruption audit publicly available on its website, and it would have to update the audit before the opening date of each funding round. The web address of the audit would have to be provided on grant applications. The audit would have to include at least all of the following:

- From March 9, 2020, to the date the audit or update is publicly posted, the number of days each school in Michigan (listed by building) was closed without a virtual or alternative education option available to students.
- From March 9, 2020, to the date the audit or update is publicly posted, the number of days each school in Michigan (listed by building) made only a virtual educational option available to students.

The number of days a cyber school or designated full-time virtual program operated without an in-person option would have to be published as zero.

Annual review

By January 30, 2023, and annually thereafter, the Department of Treasury would have to publish a review of the grant program and the Learning Loss Recovery Fund. The review would have to be made publicly available on the department's website and submitted to the governor, the speaker of the House, the Senate majority leader, and the standing and appropriations committees of the House and Senate with primary responsibility over education issues. The review would have to include at least all of the following:

- The amount disbursed in each funding round under the bill.
- The amount remaining in the fund as of the date of the review.
- The number of students who received a grant through the program as of the date of the review.

- The number of households that received grants through the program, and the number of hours of services received, as of the date of the review.
- The average number of approved grants per household as of the date of the review, with a breakdown of how many households received one, two, three, or four or more.
- The administrative costs associated with the program and the fund.
- Whether those administrative costs could be reduced by issuing a new request for proposals.
- Any other information significantly affecting the administration of the fund.

FISCAL IMPACT:

House Bill 5859 would increase costs to the Department of Treasury and have no direct fiscal impact on local government. The amount of the increase to the department is indeterminate and would depend upon the costs of the additional required administrative, oversight, and implementation responsibilities under the bill's provisions, such as establishing the Learning Loss Recovery Grant Program, administering the grant program, distributing the grants to eligible students upon legislative appropriation, publishing a COVID-19 school disruption audit, and providing a detailed annual review of the fund and the grant program.

The bill creates the Learning Loss Recovery Fund, the grant program, and the statutory framework for both. Any funding for the fund or grant program would be subject to legislative appropriations. The bill provides no specific revenue source for the fund or associated programs.

Since the number of the potential students that may be eligible to apply for grants under the program is unknown, it is not possible to determine the total cost of the grants that might be awarded. In the 2021-22 school year, there are 1.4 million students counted in public schools. The number of students attending private schools is not currently available.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.