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House Bill 4048 (as enacted)
Sponsor: Representative Brad Paquette
House Committee: Appropriations
Senate Committee: Appropriations

PUBLIC ACT 3 of 2021

Date Completed: 3-10-21

CONTENT

The bill amends the State School Aid Act to provide supplemental appropriations for fiscal year (FY) 2020-21. Specifically, as enacted, the bill adds \$810.1 million in Federal Elementary and Secondary School Emergency Relief (ESSER) funds, \$28.9 million in Federal Governor's Emergency Education Relief (GEER) funds, and \$170.2 million in State School Aid Fund (SAF) money, for a gross supplementation appropriation of \$1.0 billion. The Governor vetoed two sections (Section 11o and Section 23d) and, since House Bill (HB) 4049 was not signed and enacted with immediate effect, allocations under Section 11r(3) described below may not be distributed.

ESSER

The bill distributes \$650.0 million of ESSER formula funds to districts (including public school academies) based on each district's share of Title I, Part A allocations as required under Federal law. The bill would have appropriated another \$840.7 million of ESSER formula funds to districts (also based on their share of Title I, Part A allocations) if HB 4049 had been enacted with immediate effect. The State of Michigan will receive a total of roughly \$1.66 billion in ESSER funds, of which a minimum of 90% (just under \$1.5 billion) must be distributed as formula grants.

The bill allocates \$136.0 million in SAF for distribution to districts where the district's per-pupil allocation from the ESSER distribution is less than \$450. In those cases, the Federal and State funding will be used to ensure that the district receives a calculation equal to \$450 per pupil when combining all ESSER formula funds with SAF money. For the calculation of the cost to the SAF, a district's per-pupil ESSER funding from the \$650.0 million allocation plus what the district would have received in per-pupil ESSER funding from the \$840.7 million allocation will be compared to \$450 per pupil, and if the sum of those figures is less than \$450, the SAF will make up the difference to get to \$450 per pupil.

A district eligible for an equalization payment must offer at least 20 hours per week of in-person instruction to all pupils beginning not later than March 22, 2021, to receive the funding. Also, all districts must submit a spending plan within 45 days of the bill's enactment to receive any of the ESSER formula or equalization payments.

Roughly 10% of the ESSER funds (\$160.1 million) appropriated in the bill reflect the 'discretionary' portion of Federal ESSER money the State of Michigan can use by not allocating the funds as formula grants. The bill appropriated this \$160.1 million Federal ESSER funding in various categorical spending areas: \$90.0 million for K-8 summer programs; \$45.0 million for high school credit recovery programs; \$17.4 million for before- and after-school programs operated by districts or intermediate school districts (ISDs); \$4.9 million (along with GEER and SAF) for benchmark assessments; and, \$2.7 million for administration by the Michigan Department of Education (MDE). The bill leaves roughly \$5.5 million in 'discretionary' ESSER funds unspent and available for future appropriation.

GEER

The Governor vetoed the full \$86.8 million in GEER funds earmarked for nonpublic schools, which must be distributed as required under Federal law. Other GEER funds appropriated under the bill include \$21.3 million for staff incentives for those teachers and other staff who work summer programs; \$10.0 million for parent summer school expense reimbursement (VETOED); \$5.0 million for before- and after-school programs operated by community based organizations (e.g., YMCAs) for pupils in grades K to 8; and, \$2.6 million (along with ESSER and SAF) for benchmark assessments.

SAF

In addition to the \$136.0 million SAF allocated for per-pupil equalization grants, the bill appropriated another \$34.2 million SAF for the following programs: \$10.0 million for innovative summer school and credit recovery remediation services; \$20.0 million for school mental health services; and, \$4.2 million (along with ESSER and GEER funding) for benchmark assessments. This brings the total SAF appropriated in the bill to \$170.2 million. The table below itemizes the programs and their fund sources as found in the bill.

School Aid Supplemental Items and Fund Sources, Fiscal Year 2020-21				
Program	Federal ESSER	Federal GEER	School Aid Fund	Gross
Nonpublic schools - VETOED	\$0	\$0	\$0	\$0
Formula grants	650,000,000	0	0	650,000,000
Formula Sec. 11r(3)		0	0	0
Equalization \$450pp	0	0	136,000,000	136,000,000
MDE administration	2,733,000	0	0	2,733,000
Summer programs	90,000,000	0	0	90,000,000
Credit recovery	45,000,000	0	0	45,000,000
Before/after school	17,400,000	0	0	17,400,000
Innov. remediation	0	0	10,000,000	10,000,000
Staff incentives	0	21,309,900	0	21,309,900
Parental expenses - VETOED	0	0	0	0
CBO before/after	0	5,000,000	0	5,000,000
Mental health	0	0	20,000,000	20,000,000
Benchmark tests	4,949,300	2,572,000	4,197,200	11,719,200
TOTALS	\$810,082,300	\$28,881,900	\$170,197,900	\$1,009,162,100

The bill includes amendments to two sections of the School Aid Act that do not appropriate funding: Section 21f (virtual courses) and Section 167 (immunization records). The bill waives financial penalties if violations of these sections occurred for FY 2020-21 only. Specifically, Section 21f defines providers of virtual courses to include only a district, ISD, or community college (or the Michigan virtual University); the bill amends this to include, for FY 2020-21 only, any other institution or individual providing a virtual course. The bill also waives, for FY 2020-21 only, the penalty in Section 167 that requires districts to report immunization records for at least 95% of students.

MCL 388.1611 et al.

FISCAL IMPACT

The bill as enacted appropriates \$810,082,300 from Federal ESSER money, \$28,881,900 from Federal GEER money, and \$170,197,900 SAF money for various FY 2020-21 supplemental funding; the gross increase in appropriations is \$1,009,162,100. Payments to local units of government (school districts and ISDs) increase by \$170,197,900.

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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.