

SENATE BILL NO. 577

October 10, 2019, Introduced by Senator HERTEL and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 11, 35a, and 236 (MCL 388.1611, 388.1635a, and 388.1836), sections 11 and 35a as amended by 2019 PA 58 and section 236 as amended by 2019 PA 260, and by adding section 260.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2019,~~
2 ~~there is appropriated for the public schools of this state and~~
3 ~~certain other state purposes relating to education the sum of~~

~~1 \$12,845,140,200.00 from the state school aid fund, the sum of~~
~~2 \$87,920,000.00 from the general fund, an amount not to exceed~~
~~3 \$72,200,000.00 from the community district education trust fund~~
~~4 created under section 12 of the Michigan trust fund act, 2000 PA~~
~~5 489, MCL 12.262, an amount not to exceed \$30,000,000.00 from the~~
~~6 MPERS retirement obligation reform reserve fund, an amount not to~~
~~7 exceed \$30,000,000.00 from the school mental health and support~~
~~8 services fund created under section 31m, and an amount not to~~
~~9 exceed \$100.00 from the water emergency reserve fund. For the~~
10 fiscal year ending September 30, 2020, there is appropriated for
11 the public schools of this state and certain other state purposes
12 relating to education the sum of ~~\$13,293,465,000.00~~
13 **\$13,228,115,000.00** from the state school aid fund, the sum of
14 ~~\$75,000,000.00~~ **\$62,270,000.00** from the general fund, an amount not
15 to exceed \$75,400,000.00 from the community district education
16 trust fund created under section 12 of the Michigan trust fund act,
17 2000 PA 489, MCL 12.262, an amount not to exceed \$1,900,000.00 from
18 the MPERS retirement obligation reform reserve fund, ~~an amount not~~
19 ~~to exceed \$40,000,000.00 from the talent investment fund created~~
20 ~~under section 8a of the higher education loan authority act, 1975~~
21 ~~PA 222, MCL 390.1158a,~~ and an amount not to exceed \$100.00 from the
22 water emergency reserve fund. In addition, all available federal
23 funds are appropriated ~~each fiscal year for the fiscal years~~ **year**
24 ending ~~September 30, 2019 and~~ September 30, 2020.

25 (2) The appropriations under this section are allocated as
26 provided in this article. Money appropriated under this section
27 from the general fund must be expended to fund the purposes of this
28 article before the expenditure of money appropriated under this
29 section from the state school aid fund.

1 (3) Any general fund allocations under this article that are
2 not expended by the end of the fiscal year are transferred to the
3 school aid stabilization fund created under section 11a.

4 Sec. 35a. (1) From the appropriations in section 11, there is
5 allocated for 2019-2020 for the purposes of this section an amount
6 not to exceed ~~\$57,200,000.00~~ **\$52,400,000.00** from the state school
7 aid fund. The superintendent shall designate staff or contracted
8 employees funded under this section as critical shortage. Programs
9 funded under this section are intended to ensure that this state
10 will be a top 10 state in grade 4 reading proficiency by 2025
11 according to the National Assessment of Educational Progress
12 (NAEP).

13 (2) A district that receives funds under subsection (5) may
14 spend up to 5% of those funds for professional development for
15 educators in a department-approved research-based training program
16 related to current state literacy standards for pupils in grades K
17 to 3. The professional development must also include training in
18 the use of screening and diagnostic tools, progress monitoring, and
19 intervention methods used to address barriers to learning and
20 delays in learning that are diagnosed through the use of these
21 tools.

22 (3) A district that receives funds under subsection (5) may
23 use up to 5% of those funds to administer department-approved
24 screening and diagnostic tools to monitor the development of early
25 literacy and early reading skills of pupils in grades K to 3 and to
26 support research-based professional development for educators in
27 administering screening and diagnostic tools and in data
28 interpretation of the results obtained through the use of those
29 tools for the purpose of implementing a multi-tiered system of

1 support to improve reading proficiency among pupils in grades K to
2 3. A department-approved screening and diagnostic tool administered
3 by a district using funding under this section must include all of
4 the following components: phonemic awareness, phonics, fluency, and
5 comprehension. Further, all of the following sub-skills must be
6 assessed within each of these components:

7 (a) Phonemic awareness - segmentation, blending, and sound
8 manipulation (deletion and substitution).

9 (b) Phonics - decoding (reading) and encoding (spelling).

10 (c) Fluency - reading rate, accuracy, and expression.

11 (d) Comprehension - making meaning of text.

12 (4) From the allocations under subsection (1), there is
13 allocated an amount not to exceed ~~\$21,000,000.00~~ **\$31,500,000.00** for
14 2019-2020 for the purpose of providing early literacy coaches at
15 intermediate districts to assist teachers in developing and
16 implementing instructional strategies for pupils in grades K to 3
17 so that pupils are reading at grade level by the end of grade 3.
18 All of the following apply to funding under this subsection:

19 (a) The department shall develop an application process
20 consistent with the provisions of this subsection. An application
21 must provide assurances that literacy coaches funded under this
22 subsection are knowledgeable about at least the following:

23 (i) Current state literacy standards for pupils in grades K to
24 3.

25 (ii) Implementing an instructional delivery model based on
26 frequent use of formative, screening, and diagnostic tools, known
27 as a multi-tiered system of support, to determine individual
28 progress for pupils in grades K to 3 so that pupils are reading at
29 grade level by the end of grade 3.

1 (iii) The use of data from diagnostic tools to determine the
2 necessary additional supports and interventions needed by
3 individual pupils in grades K to 3 in order to be reading at grade
4 level.

5 (b) From the allocation under this subsection, the department
6 shall award grants to intermediate districts for the support of
7 early literacy coaches. ~~An intermediate district must provide~~
8 ~~matching funds for at least 50% of the grant amount awarded to~~
9 ~~support the cost of the literacy coach.~~ The department shall
10 provide this funding in the following manner:

11 (i) The department shall award each intermediate district grant
12 funding to support the cost of 1 early literacy coach in an equal
13 amount per early literacy coach, not to exceed
14 ~~\$75,000.00.~~ **\$112,500.00.**

15 (ii) After distribution of the grant funding under subparagraph
16 (i), the department shall distribute the remainder of grant funding
17 for additional early literacy coaches in an amount not to exceed
18 ~~\$75,000.00.~~ **\$112,500.00** per early literacy coach. The number of
19 funded early literacy coaches for each intermediate district is
20 based on the percentage of the total statewide number of pupils in
21 grades K to 3 who meet the income eligibility standards for the
22 federal free and reduced-price lunch programs who are enrolled in
23 districts in the intermediate district. For each additional early
24 literacy coach funded under this subparagraph, the department shall
25 not make an award to an intermediate district under this
26 subparagraph in an amount that is less than the amount necessary to
27 pay 1/2 of the total cost of that additional early literacy coach.

28 (c) If an intermediate district that receives funding under
29 this subsection uses an assessment tool that screens for signs of

1 dyslexia, the intermediate district shall use the assessment
2 results from that assessment tool to identify pupils who
3 demonstrate signs of dyslexia.

4 (5) From the allocations under subsection (1), there is
5 allocated an amount not to exceed \$19,900,000.00 for 2019-2020 to
6 districts that provide additional instructional time to those
7 pupils in grades K to 3 who have been identified by using
8 department-approved screening and diagnostic tools as needing
9 additional supports and interventions in order to be reading at
10 grade level by the end of grade 3. Additional instructional time
11 may be provided before, during, and after regular school hours or
12 as part of a year-round balanced school calendar. All of the
13 following apply to funding under this subsection:

14 (a) In order to be eligible to receive funding, a district
15 shall demonstrate to the satisfaction of the department that the
16 district has done all of the following:

17 (i) Implemented a multi-tiered system of support instructional
18 delivery model that is an evidence-based model that uses data-
19 driven problem solving to integrate academic and behavioral
20 instruction and that uses intervention delivered to all pupils in
21 varying intensities based on pupil needs. The multi-tiered system
22 of supports must provide at least all of the following essential
23 components:

24 (A) Team-based leadership.

25 (B) A tiered delivery system.

26 (C) Selection and implementation of instruction,
27 interventions, and supports.

28 (D) A comprehensive screening and assessment system.

29 (E) Continuous data-based decision making.

1 (ii) Used department-approved research-based diagnostic tools
2 to identify individual pupils in need of additional instructional
3 time.

4 (iii) Used a reading instruction method that focuses on the 5
5 fundamental building blocks of reading: phonics, phonemic
6 awareness, fluency, vocabulary, and comprehension and content
7 knowledge.

8 (iv) Provided teachers of pupils in grades K to 3 with
9 research-based professional development in diagnostic data
10 interpretation.

11 (v) Complied with the requirements under section 1280f of the
12 revised school code, MCL 380.1280f.

13 (b) The department shall distribute funding allocated under
14 this subsection to eligible districts on an equal per-first-grade-
15 pupil basis.

16 (c) If the funds allocated under this subsection are
17 insufficient to fully fund the payments under this subsection,
18 payments under this subsection are prorated on an equal per-pupil
19 basis based on grade 1 pupils.

20 (6) Not later than September 1, of each year, a district that
21 receives funding under subsection ~~(4), (5), or (11),~~ **(4) or (5)**, in
22 conjunction with the Michigan data hub network, if possible, shall
23 provide to the department a report that includes at least both of
24 the following, in a form and manner prescribed by the department:

25 (a) For pupils in grades K to 3, the pupils, schools, and
26 grades served with funds under this section and the categories of
27 services provided.

28 (b) For pupils in grades K to 3, pupil proficiency and growth
29 data that allows analysis both in the aggregate and by each of the

1 following subgroups, as applicable:

2 (i) School.

3 (ii) Grade level.

4 (iii) Gender.

5 (iv) Race.

6 (v) Ethnicity.

7 (vi) Economically disadvantaged status.

8 (vii) Disability.

9 (viii) Pupils identified as having reading deficiencies.

10 (7) ~~(8)~~—From the state school aid fund money allocated under
 11 subsection (1), there is allocated an amount not to exceed
 12 \$1,000,000.00 for 2019-2020 to an intermediate district in which
 13 the combined total number of pupils in membership of all of its
 14 constituent districts is the fewest among all intermediate
 15 districts. All of the following apply to the funding under this
 16 subsection:

17 (a) Funding under this subsection must be used by the
 18 intermediate district, in partnership with an association that
 19 represents intermediate district administrators in this state, to
 20 implement both of the following:

21 (i) Literacy essentials teacher and principal training modules.

22 (ii) Face-to-face and online professional learning of literacy
 23 essentials teacher and principal training modules for literacy
 24 coaches, principals, and teachers.

25 (b) Not later than September 1 of each year, the intermediate
 26 district described in this subsection, in consultation with grant
 27 recipients, shall submit a report to the chairs of the senate and
 28 house appropriations subcommittees on state school aid and the

1 chairs of the senate and house standing committees responsible for
2 education legislation. The report described under this subdivision
3 must include student achievement results in English language arts
4 and survey results with feedback from parents and teachers
5 regarding the initiatives implemented under this subsection.

6 (8) ~~(10)~~—If a district or intermediate district expends any
7 funding received under subsection (4) or (5) for professional
8 development in research-based effective reading instruction, the
9 district or intermediate district shall select a professional
10 development program from the list described under subdivision (a).
11 All of the following apply to the requirement under this
12 subsection:

13 (a) The department shall issue a request for proposals for
14 professional development programs in research-based effective
15 reading instruction to develop an initial approved list of
16 professional development programs in research-based effective
17 reading instruction. The department shall complete and make the
18 initial approved list public not later than December 1, 2019. After
19 December 1, 2019, the department shall determine if it will, on a
20 rolling basis, approve any new proposals submitted for addition to
21 its initial approved list.

22 (b) To be included as an approved professional development
23 program in research-based effective reading instruction under
24 subdivision (a), an applicant must demonstrate to the department in
25 writing the program's competency in all of the following topics:

26 (i) Understanding of phonemic awareness, phonics, fluency,
27 vocabulary, and comprehension.

28 (ii) Appropriate use of assessments and differentiated
29 instruction.

1 (iii) Selection of appropriate instructional materials.

2 (iv) Application of research-based instructional practices.

3 (c) As used in this subsection, "effective reading
4 instruction" means reading instruction scientifically proven to
5 result in improvement in pupil reading skills.

6 (9) ~~(12)~~ Notwithstanding section 17b, the department shall
7 make payments made under ~~subsections~~ **subsection** (7) , ~~(8)~~ , ~~(9)~~ , and
8 ~~(11)~~ on a schedule determined by the department.

9 Sec. 236. (1) Subject to the conditions set forth in this
10 article, the amounts listed in this section are appropriated for
11 higher education for the fiscal year ending September 30, 2020,
12 from the funds indicated in this section. The following is a
13 summary of the appropriations in this section:

14 (a) The gross appropriation is ~~\$1,685,545,000.00.~~
15 **\$1,757,373,500.00.** After deducting total interdepartmental grants
16 and intradepartmental transfers in the amount of \$0.00, the
17 adjusted gross appropriation is
18 ~~\$1,685,545,000.00.~~ **\$1,757,373,500.00.**

19 (b) The sources of the adjusted gross appropriation described
20 in subdivision (a) are as follows:

21 (i) Total federal revenues, ~~\$128,026,400.00.~~ **\$93,930,800.00**

22 (ii) Total local revenues, \$0.00.

23 (iii) Total private revenues, \$0.00.

24 (iv) Total other state restricted revenues,

25 ~~\$349,419,300.00.~~ **\$459,419,300.00.**

26 (v) State general fund/general purpose money,

27 ~~\$1,208,099,300.00.~~ **\$1,204,023,400.00.**

28 (2) Amounts appropriated for public universities are as
29 follows:

1 (a) The appropriation for Central Michigan University is
2 \$89,227,800.00, \$87,096,900.00 for operations, \$532,800.00 for
3 performance funding, and \$1,598,100.00 for costs incurred under the
4 North American Indian tuition waiver.

5 (b) The appropriation for Eastern Michigan University is
6 \$77,556,000.00, \$76,816,500.00 for operations, \$437,200.00 for
7 performance funding, and \$302,300.00 for costs incurred under the
8 North American Indian tuition waiver.

9 (c) The appropriation for Ferris State University is
10 \$56,032,800.00, \$54,732,400.00 for operations, \$293,100.00 for
11 performance funding, and \$1,007,300.00 for costs incurred under the
12 North American Indian tuition waiver.

13 (d) The appropriation for Grand Valley State University is
14 \$73,388,500.00, \$71,780,400.00 for operations, \$533,100.00 for
15 performance funding, and \$1,075,000.00 for costs incurred under the
16 North American Indian tuition waiver.

17 (e) The appropriation for Lake Superior State University is
18 \$14,361,000.00, \$13,349,300.00 for operations, \$57,700.00 for
19 performance funding, and \$954,000.00 for costs incurred under the
20 North American Indian tuition waiver.

21 (f) The appropriation for Michigan State University is
22 \$353,872,800.00, \$285,805,100.00 for operations, \$1,526,600.00 for
23 performance funding, \$1,467,700.00 for costs incurred under the
24 North American Indian tuition waiver, \$34,937,300.00 for MSU
25 AgBioResearch, and \$30,136,100.00 for MSU Extension.

26 (g) The appropriation for Michigan Technological University is
27 \$50,568,100.00, \$49,835,300.00 for operations, \$266,300.00 for
28 performance funding, and \$466,500.00 for costs incurred under the
29 North American Indian tuition waiver.

1 (h) The appropriation for Northern Michigan University is
2 \$48,909,100.00, \$47,576,200.00 for operations, \$232,900.00 for
3 performance funding, and \$1,100,000.00 for costs incurred under the
4 North American Indian tuition waiver.

5 (i) The appropriation for Oakland University is \$53,432,500,
6 \$52,719,900.00 for operations, \$427,500.00 for performance funding,
7 and \$285,100.00 for costs incurred under the North American Indian
8 tuition waiver.

9 (j) The appropriation for Saginaw Valley State University is
10 \$30,807,700.00, \$30,456,500.00 for operations, \$127,300.00 for
11 performance funding, and \$223,900.00 for costs incurred under the
12 North American Indian tuition waiver.

13 (k) The appropriation for University of Michigan - Ann Arbor
14 is \$322,773,600.00, \$320,255,800.00 for operations, \$1,714,300.00
15 for performance funding, and \$803,500.00 for costs incurred under
16 the North American Indian tuition waiver.

17 (l) The appropriation for University of Michigan - Dearborn is
18 \$26,327,200.00, \$25,986,400.00 for operations, \$180,600.00 for
19 performance funding, and \$160,200.00 for costs incurred under the
20 North American Indian tuition waiver.

21 (m) The appropriation for University of Michigan - Flint is
22 \$23,893,200.00, \$23,493,800.00 for operations, \$122,400.00 for
23 performance funding, and \$277,000.00 for costs incurred under the
24 North American Indian tuition waiver.

25 (n) The appropriation for Wayne State University is
26 \$203,413,900.00, \$202,112,700.00 for operations, \$884,000.00 for
27 performance funding, and \$417,200.00 for costs incurred under the
28 North American Indian tuition waiver.

29 (o) The appropriation for Western Michigan University is

1 \$112,290,100.00, \$110,976,000.00 for operations, \$546,200.00 for
 2 performance funding, and \$767,900.00 for costs incurred under the
 3 North American Indian tuition waiver.

4 (3) The amount appropriated in subsection (2) for public
 5 universities is \$1,536,854,300.00, appropriated from the following:

6 (a) State school aid fund, \$343,168,300.00.

7 (b) State general fund/general purpose money,
 8 \$1,193,686,000.00.

9 (4) The amount appropriated for Michigan public school
 10 employees' retirement system reimbursement is \$5,017,000.00,
 11 appropriated from the state school aid fund.

12 (5) The amount appropriated for state and regional programs is
 13 \$315,000.00, appropriated from general fund/general purpose money
 14 and allocated as follows:

15 (a) Higher education database modernization and conversion,
 16 \$200,000.00.

17 (b) Midwestern Higher Education Compact, \$115,000.00.

18 (6) The amount appropriated for the Martin Luther King, Jr. -
 19 Cesar Chavez - Rosa Parks program is \$2,691,500.00, appropriated
 20 from general fund/general purpose money and allocated as follows:

21 (a) Select student support services, \$1,956,100.00.

22 (b) Michigan college/university partnership program,
 23 \$586,800.00.

24 (c) Morris Hood, Jr. educator development program,
 25 \$148,600.00.

26 (7) Subject to subsection (8), the amount appropriated for
 27 grants and financial aid is ~~\$139,283,200.00~~, **\$211,261,700.00**
 28 allocated as follows:

29 (a) State competitive scholarships, \$32,361,700.00.

1 **(b)** ~~(e)~~—Tuition incentive program, \$64,300,000.00.

2 **(c)** ~~(d)~~—Children of veterans and officer's survivor tuition
3 grant programs, \$1,400,000.00.

4 **(d)** ~~(e)~~—Project GEAR-UP, \$3,200,000.00.

5 **(e) Michigan reconnect grant program, \$110,000,000.00.**

6 (8) The money appropriated in subsection (7) for grants and
7 financial aid is appropriated from the following:

8 (a) Federal revenues under the United States Department of
9 Education, Office of Elementary and Secondary Education, GEAR-UP
10 program, \$3,200,000.00.

11 (b) Federal revenues under the social security act, temporary
12 assistance for needy families, ~~\$124,826,400.00.~~**\$90,730,800.00.**

13 **(c) State restricted funds from the talent investment fund,**
14 **\$110,000,000.00.**

15 **(d)** ~~(e)~~—State general fund/general purpose money,
16 ~~\$11,256,800.00.~~**\$7,330,900.00.**

17 (9) For fiscal year 2019-2020 only, in addition to the
18 allocation under subsection (4), from the appropriations described
19 in subsection (1), there is allocated an amount not to exceed
20 \$1,234,000.00 for payments to participating public universities,
21 appropriated from the state school aid fund. A university that
22 receives money under this subsection shall use that money solely
23 for the purpose of offsetting the normal cost contribution rate. As
24 used in this subsection, "participating public universities" means
25 public universities that are a reporting unit of the Michigan
26 public school employees' retirement system under the public school
27 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
28 38.1437, and that pay contributions to the Michigan public school
29 employees' retirement system for the state fiscal year.

1 Sec. 260. (1) The funds appropriated in section 236 from the
2 talent investment fund created under section 8a of the higher
3 education loan authority act, 1975 PA 222, MCL 390.1158a, for the
4 Michigan reconnect grant program shall be distributed pursuant to
5 the Michigan reconnect grant act.

6 (2) Michigan reconnect grant payments shall be made on behalf
7 of all eligible Michigan residents who are at least 25 years of age
8 and enrolled in an eligible institution at least half-time.

9 (3) The department of treasury shall work with the department
10 of labor and economic opportunity in administering the Michigan
11 reconnect grant program pursuant to the Michigan reconnect grant
12 act. The departments shall develop a standard Michigan reconnect
13 grant application and eligibility process that will provide the
14 highest level of participation and ensures that all requirements of
15 the program are met.

16 (4) The amount of a Michigan reconnect grant award is equal to
17 the cost of tuition and mandatory fees at the eligible institution
18 attended less all other gift aid.

19 (5) Each institution shall ensure that all known available
20 restricted grants for tuition and fees are used prior to billing
21 the Michigan reconnect grant program for any portion of a student's
22 tuition and fees.

23 (6) For the fiscal year ending September 30, 2020,
24 \$50,000,000.00 from state general fund/general purpose money shall
25 be deposited into the talent investment fund created in section 8a
26 of the higher education loan authority act, 1975 PA 222, MCL
27 390.1158a. Funds in the talent investment fund shall be used for
28 the Michigan reconnect grant program.

29 (7) Any unexpended and unencumbered funds remaining on

1 September 30, 2020 from the amounts appropriated in section 236 for
2 the Michigan reconnect grant program for fiscal year 2019-2020 do
3 not lapse on September 30, 2020, but continue to be available for
4 expenditure for the Michigan reconnect grant program in the 2020-
5 2021 fiscal year under a work project account.

6 Enacting section 1. (1) In accordance with section 30 of
7 article IX of the state constitution of 1963, total state spending
8 on school aid under article I of the state school aid act of 1979,
9 1979 PA 94, MCL 388.1601 to 388.1772, as amended by 2019 PA 58 and
10 this amendatory act, from state sources for fiscal year 2019-2020
11 is estimated at \$13,367,685,100.00 and state appropriations for
12 school aid to be paid to local units of government for fiscal year
13 2019-2020 are estimated at \$13,161,965,300.00

14 (2) In accordance with section 30 of article IX of the state
15 constitution of 1963, total state spending from state sources for
16 higher education for fiscal year 2019-2020 under article III of the
17 state school aid act of 1979, 1979 PA 94, MCL 388.1836 to 388.1891,
18 as amended by 2019 PA 62 and this amendatory act, is estimated at
19 \$1,663,442,700.00 and the amount of that state spending from state
20 sources to be paid to local units of government for fiscal year
21 2019-2020 is estimated at \$0.00.