



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4037 (Substitute H-1 as passed by the House)
House Bill 4038 (Substitute H-1 as passed by the House)
House Bill 4538 (as passed by the House)
Sponsor: Representative Pamela Hornberger (H.B. 4037)
Representative John Reilly (H.B. 4038)
Representative Darrin Camilleri (H.B. 4538)
House Committee: Education
Senate Committee: Education and Career Readiness

Date Completed: 5-10-22

CONTENT

House Bill 4038 (H-1) would amend the Revised School Code to delete a requirement that the Michigan Merit Examination (MME) include a workforce readiness assessment.

The bill also would add Section 1279i to the Code to do the following:

- Prohibit a school district or public school academy (PSA) from requiring the administration of a workforce readiness assessment.
- Allow a school district or PSA to provide pupils with the opportunity to take an assessment described above.
- Require the Department of Education (MDE) to submit to the Legislature, by June 1 each year, a report regarding the number of pupils who took and the number of school districts that administered the MME.

House Bill 4037 (H-1) would amend the State School Aid Act to do the following:

- Delete a requirement that the MME include a workforce readiness assessment.
- Delete reference to a work skills test in a provision requiring a school district to administer the MME as a condition of receiving State aid under the Act.
- Prohibit the MDE from requiring as a condition of receiving State aid under the Act the administration by a district of an assessment described in Section 1279i of the Revised School Code, which House Bill 4038 (H-1) would add.

House Bill 4538 would amend the State School Aid Act to do the following

- Create the Student Postsecondary Preparedness (SPP) Fund as separate account within the State School Aid Fund.
- Require the MDE to make payments from the Fund to eligible districts and eligible intermediate districts.
- Require the MDE to issue, by September 30, 2021, a list of qualifying assessments.
- Require a district or intermediate district to apply to the MDE in order to receive payments.

-- Require certain State school aid funds not spent as the result of changes enacted by House Bill 4037 (H-1) to be deposited into the Fund.

House Bills 4037 (H-1) and 4538 are tie-barred to House Bill 4038. House Bills 4037 (H-1) and 4038 (H-1) would take effect 90 days after their enactment date.

House Bill 4038 (H-1)

Under the Revised School Code, the board of a school district or board of directors of a PSA must administer the MME to pupils in grade 11, and to pupils in grade 12 who did not take the complete MME in grade 11. The MME must consist of assessment instruments that measure English language arts, mathematics, reading, and science, and are used by the majority of colleges and universities in Michigan for entrance purposes; a social studies component; and any other component that is necessary to obtain the approval of the United States Department of Education (DOE) to use the MME for purposes of the No Child Left Behind Act or the Every Student Succeeds Act.

Additionally, the MME must consist of one or more tests that assess a pupil's ability to apply at least reading and mathematics skills in a manner that is intended to allow employers to use the results in making employment decisions. The Department of Technology, Management, and Budget (DTMB) and the Superintendent must ensure that any test or tests selected under this provision have all the components necessary to allow a pupil to be eligible to receive the results of a nationally recognized evaluation of workforce readiness if the pupil's test performance is adequate. The bill would delete these requirements.

The bill would add Section 1279i to the Code to prohibit the MDE from requiring the administration of an assessment by a school district or a PSA that assessed a pupil's ability to apply at least reading and mathematics skills in a manner that was intended to allow employers to use the results in making employment decisions.

The board of a school district or the board of directors of a PSA could provide pupils with an opportunity to take the assessment described above. If a pupil requested to take the assessment, the board of the school district or the board of directors of the PSA in which the pupil was enrolled would have to ensure that the pupil was provided the opportunity to the assessment.

The Legislature would have to appropriate funds to the MDE to reimburse school districts and PSAs that offered pupils the opportunity to take the assessment. By June 1, 2021, and by June 1 of each year after that, the MDE would have to submit to the Legislature a report that included both of the following:

- The number of school districts and PSAs that offered pupils the opportunity to take the assessment during the immediately preceding school year.
- The number of pupils who took the assessment during the immediately preceding school year.

House Bill 4037 (H-1)

The State School Aid Act requires the MME to consist of assessment instruments that measure English language arts, mathematics, reading, and science, and are used by the majority of colleges and universities in Michigan for entrance purposes; a social studies component; and any other component that is necessary to obtain the approval of the DOE to use the MME for purposes of the No Child Left Behind Act or the Every Student Succeeds Act.

Additionally, the MME must consist of one or more tests from one or more test developers that assess a pupil's ability to apply reading and mathematics skills in a manner that is intended to allow employers to use the results in making employment decisions. The DTMB and the Superintendent must ensure that any test or tests selected under this provision have all the components necessary to allow a pupil to be eligible to receive the results of a nationally recognized evaluation of workforce readiness if the pupil's test performance is adequate. The bill would delete these requirements.

In order to receive State aid under Article 1 (State Aid to Public Schools, Early Childhood, and Adult Education) of the State School Aid Act, a district must administer the MME to pupils in grade 11, and to pupils in grade 12 who did not take the complete MME in grade 11. The MME consists of a college entrance test, work skills test, and the summative assessment known as the Michigan Student Test of Educational Progress (M-STEP). The bill would delete reference to the work skills test.

The bill would prohibit the MDE from requiring as a condition of receiving State aid under Article 1 by a district the administration by a district of an assessment described in Section 1279i(1) of the Revised School Code, which House Bill 4038 (H-1) would add.

House Bill 4538

State Postsecondary Preparedness Fund

The bill would add Section 11b to the State School Aid Act to create the Student Postsecondary Preparedness Fund as a separate account within the State School Aid fund.

The State Treasurer could credit to the Fund money allocated in Section 104 but not spent as the result of changes enacted by House Bill 4037 (H-1). The State Treasurer would have to direct the investment of the Fund and would have to credit to it interest and earnings from Fund investments.

Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the State School Aid Fund or to the General Fund. The Department of Treasury would be the administrator of the Fund for auditing purposes.

For the fiscal year that ended September 30, 2021, the MDE would have to make payments from the Fund to eligible districts and eligible intermediate districts. The MDE would have to make payments to each eligible district or eligible intermediate district in an amount equal to either of the following, whichever was less:

- The total actual costs submitted in the eligible district's or eligible intermediate districts application, but payments could not equal an amount totaling more than \$100 per pupil for whom the actual costs were associated.
- \$100 per pupil for each pupil for whom the actual costs were associated.

By September 30, 2021 the MDE would have to issue a list of qualifying assessments. In developing its list, the MDE would have to consult with organizations representing trade unions, high school principals, school administrators, career and technical education program administrators, school counselors, high school teachers, and any other group as appropriate, as determined by the Department.

"Qualifying assessment" would mean assessments that are included on the Department's list of qualifying assessments and are capable of generating postsecondary credentials or credits, including any of the following assessments:

- Assessments required by Michigan as a prerequisite for obtaining a professional certification or locally and State recognized industry certifications.
- Career and technical education technical skills assessments necessary to achieve completer status in a career and technical education program.
- Assessments that enable students to earn credit for introductory level courses that count toward completion of a postsecondary credential by achieving satisfactory scores.
- Any other assessments determined by the MDE to be capable of generating postsecondary credentials for high school students.

To receive payments from the MDE, a district or intermediate district would have to apply for the payments in a form and manner prescribed by the Department.

A district or intermediate would be an eligible district or eligible intermediate district if both of the following applied:

- In its application for receiving payments, the district or intermediate district pledged it would use the payments received only to provide pupils enrolled in any of grades 9 to 12 in the district or intermediate district with opportunities to participate in qualifying assessments, while in any of those grades by covering part of all of the costs of those assessments.
- In its application for receiving payments, the district or intermediate district included the actual cost per pupil associated with providing pupils with opportunities to participate in qualifying assessments.

Actual costs per pupil could be associated with the pupil's participation in more than one qualifying assessment.

If funds in the Fund were insufficient to fully fund calculations for payments made to eligible districts or eligible intermediate districts, the MDE would have to prorate the payments in equal proportion to the amount the eligible district or eligible intermediate district would have received but for the application of proration.

State Aid

Section 104 of the Act generally prescribes requirements for receiving State Aid under Article 1 of the Act.

Under the bill, if any amount of the State school aid money allocated under Section 104 was not spent as a result of changes enacted under House Bill 4037, as determined by the MDE, those unspent funds would have to be deposited into the SPP Fund for disbursement to eligible districts and eligible intermediate districts

MCL 388.1704b (H.B. 4037)
 380.1279g et al. (H.B. 4038)
 388.1704 et al. (H.B. 4538)

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

House Bills 4037 (H-1) and 4038 (H-1)

The bills would have a minimal fiscal impact on the State and local units of government. The MDE would experience minimal costs to remove the workforce readiness assessment from the MME and annually track the number of school districts and PSAs that offered the assessment and the number of students who took it. These one-time and ongoing costs likely would be

supported with current appropriations. The State would experience costs to reimburse school districts and PSAs that chose to administer the assessment or if a student requested to take it. However, the costs likely would be less than the current annual costs to pay for the assessment statewide, which is approximately \$4.4 million for the ACT WorkKeys assessment. The reduction would depend on the number of school districts and PSAs that chose not to administer, and students who did not request to take, the assessment.

School districts and PSAs would experience a minimal change in assessment costs. Schools that chose to continue the workforce readiness assessment would be reimbursed for the assessment costs while those that did not would experience a minimal change in scheduling for the MME since the assessment component of the MME is only one-hour exam time.

The bills would have no fiscal impact on the DTMB.

House Bill 4538

The bill would have a minimal fiscal impact to the State and no fiscal impact to local units of government. The Department of Treasury would experience a minimal administrative cost to create and administer the Student Postsecondary Preparedness Fund. These costs would be supported with current appropriations. The MDE would experience administrative costs to designate qualifying assessments and to reimburse schools that administered a qualifying assessment. These costs could be greater than current appropriation but likely would be minimal.

The Fund would receive the difference between the \$4.4 million annually appropriated to administer the ACT WorkKeys assessment, which is the current appropriation for the workforce readiness assessment component of the MME, and the number of school districts and PSAs that received reimbursements for administering the workforce assessment exam. The Fund would disburse payments to schools based on the number of students who took a qualifying assessment, capped at \$100 per pupil. If the reimbursement to school remained at the current cost of \$45 per student, then the Fund would be able to support students who took a qualifying exam. However, if the reimbursement costs were greater than \$45 per pupil, then the Fund could be insufficient to support those examination costs.

Fiscal Analyst: Ryan Bergan
Elizabeth Raczkowski
Cory Savino, PhD

SAS\S2122\s4037sa

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.