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Senate Bill 268 (Substitute S-4)  
Sponsor: Senator Ken Horn  
Committee: Appropriations

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## **CONTENT**

The bill would enact the Michigan Reconnect Grant Act, which, as the bill states, would be intended to provide last-dollar financial assistance to individuals age 25 and over seeking associates degrees or industry-recognized certificates or credentials. The bill also would establish the Reconnect Private Training Learning Initiative, which would provide skills scholarships for individuals enrolled in a qualified occupational training program.

### Michigan Reconnect Grant Scholarships

The bill would establish a last-payer scholarship program for students who qualified and who attended an eligible institution to attain a Pell-eligible associate degree or industry-recognized certificate or credential. The recipient of a Michigan Reconnect Grant would receive a credit to his or her student account in the amount of the in-district tuition and fees minus all gift aid. Grant money would be paid directly to the eligible institution.

"Eligible institution" would mean an institution that meets all the following:

- Is an accredited public community college in Michigan.
- Complies with any tuition restraint language contained in the State School Aid Act.
- Complies with quality assurance protocols established by the Department of Labor and Economic Opportunity (LEO).
- Submits an annual written report detailing the institution's goals for student persistence and credential completion, currently-implemented strategies to improve student outcomes, policies for determining whether a student should be placed in developmental courses, and policies for converting prior learning into community college credit.
- By January 1, 2022, provides Reconnect students who need academic remediation with accelerated courses under either a corequisite, compression, modularization, or another model of the institution's choosing.
- Provides reasonable accommodations to Reconnect students who have disabilities.
- Designates one institution employee to act as the institution's primary contact with the Department for coordination and administration of the Reconnect program.

The bill would define "gift aid" as Federal Pell grants and benefits received under the Michigan Tuition Incentive Program. The term would not include the following:

- Student loans.
- Work-study awards.
- Qualified withdrawals from an education savings account.
- Expenses paid under the Michigan Educational Trust Program.
- Expenses paid under the Michigan Promise Zone Authority Act.

To be establish initial eligibility for a Michigan Reconnect grant, an individual would have to meet all the following:

- Be at least 25 years old.
- Be a Michigan resident for the immediately preceding year.
- Have a high school diploma or high school equivalency certificate.
- Be admitted to a Pell-eligible program at an eligible institution leading to an associate degree or industry-recognized certificate, and attend the program on at least a half-time basis.
- Not have previously earned an associate or baccalaureate degree.
- Complete a Reconnect application, a Free Application for Federal Student Aid (FAFSA), and all available gift aid for the upcoming enrollment period.

An individual would be eligible to receive a Reconnect grant until either four years have passed since first receiving a Reconnect grant, or until the individual has earned an associate degree. To maintain eligibility for a grant under the Reconnect Program, an individual would have to meet all the following:

- Continue to be a Michigan resident.
- Maintain continuous enrollment on at least a half-time basis. Individuals who take a leave of absence due to a medical or family hardship would be able to apply to the Department to continue to receive a Reconnect grant when they resume classes.
- Maintain at least a 2.0 grade point average.
- Participate in relevant academic and career advising.
- Complete a FAFSA, apply for all available gift aid for each academic year the individual applies for a Reconnect grant.

The Michigan Reconnect Program would be administered by LEO. The bill would require the Department to do the following:

- Develop and administer the program.
- Create and maintain a program website.
- Create and maintain a program marketing campaign.
- Operate a program help desk.
- Create and maintain a network of college navigators to assist Reconnect recipients.
- Provide information about in-demand skills and compensation.
- Report relevant program data and ensure that eligible institutions reported student data using the unique identifier in accordance with Section 94a of the State School Aid Act.
- Within six months after the bill's effective date, organize regional meetings of labor market stakeholders to ensure occupational certificates provided by eligible institutions provide skills in demand in the regional labor market.
- Facilitate efforts to match skills provided with skills that are in demand.

The Department also would have to select and convene a workgroup to study developmental education placement policies appropriate for institutions participating in the Reconnect Program. The workgroup would consist of representatives from the Governor's office, the Legislature, institutions that participated in the Reconnect Program, Michigan Department of Education, secondary schools, nonprofit organizations, and the business community. Within nine months after the bill's effective date, the workgroup would have to provide the Department with a list of recommendations.

Beginning February 1, 2021, the Department would have to produce an annual report detailing the progress of the Michigan Reconnect Grant Program. The report would have to include all the following information:

- Total amount of Reconnect grants.
- Total amount of funding used for oversight and implementation of the Program.

- Total amount of funding used for program support services.
- Total amount of funding used for marketing.
- Total number of navigators employed by the Department, the number of navigators assigned to each eligible institution, and the number of students assigned to each navigator.
- Total number and amount of Reconnect grants listed by eligible institution.
- Total number of Reconnect applications and awards, as well as the number of associate degrees and certificates awarded.

### Michigan Reconnect Private Training Learning Initiative

The bill would establish a training scholarship program that would provide individuals enrolled in a qualified occupational training program at a qualified private training institution a one-time scholarship of up to \$1,500 for completion of that program. Receiving a scholarship under the Reconnect Private Training Learning Initiative would not affect an individual's eligibility for a Reconnect Program grant to pursue an associate degree or other occupational certificate.

The bill would define "qualified occupational training program" as a course of study approved by the Department of Labor and Economic Opportunity that meets the following criteria:

- Is industry recognized.
- Is portable and recognized by multiple employers.
- Prepares students to pass relevant certification examinations.
- Is in an occupation serving manufacturing, construction, information technology, business management, or health care.
- Is in demand in the regional labor market.
- If the course of study is provided by an apprenticeship program, the program must be registered with the United States Department of Labor.

The bill would define "qualified private training institution" as either of the following:

- A for-profit or nonprofit private organization in Michigan that provides occupational training, but not four-year degrees, that is included on Michigan's eligible training provider list.
- A consortium of businesses in Michigan offering occupational training that guarantees employment for those who successfully complete the training and are included on Michigan's eligible training provider list.

To be eligible for a training scholarship, and individual would have to meet all the following:

- Be at least 25 years old.
- Be a Michigan resident for the immediately preceding year.
- Have a high school diploma or high school equivalency certificate.
- Be admitted to a Pell-eligible program at an eligible institution leading to an associate degree or industry-recognized certificate and attend the program on at least a half-time basis.
- Not have previously earned an associate or baccalaureate degree.
- Complete a Reconnect Private Training Learning Initiative Skills Scholarship application and all available gift aid for the qualified occupational training program.

The Department of Labor and Economic Opportunity would administer the program and be required to do all the following:

- Develop and implement an application process for those interested in participating as a qualified private training institution.
- Approve applications from prospective qualified private training institutions that met statutory criteria.

- Require qualified private training institutions to comply with data requests from the Department.
- Maintain a website with a list of all qualified occupational training programs.
- Award skills scholarships.
- Produce an annual report to the Legislature explaining the results of the Initiative.

## **FISCAL IMPACT**

The cost estimate for both programs contained in Senate Bill 268 (S-4) is \$34.7 million to \$46.3 million on a fully implemented, ongoing basis. Of those costs, \$33.2 million to \$44.8 million would be from Reconnect Grant Scholarships, and \$1.5 million would be from the Michigan Reconnect Private Training Learning Initiative. The latter estimate is the upper bound of the amount the program would be allowed to spend under statute; the actual amount could be lower.

The cost estimate for Reconnect Grants of \$33.2 million to \$44.8 million is calculated based on a number of assumptions. According to the Integrated Postsecondary Education Data System (IPEDS), there were 9,553 full-time students and 46,451 part-time students over the age of 25 enrolled at a Michigan community college for Fall 2017. The cost analysis assumes that 100% of full-time students and 74.3% of part-time students are enrolled in a degree- or certificate-seeking program, a necessary condition for receiving a grant award from Reconnect. States with similar programs, such as Oregon and Tennessee, experienced an increase in enrollment following the enactment of their programs of about 17%. Accounting for the percent of students in degree-seeking programs and a likely increase in enrollment, the number of students that could be eligible would be 11,177 full-time students and 42,428 part-time students. As introduced, the Michigan Reconnect program would be a last-payer tuition grant, meaning the State would cover tuition and mandatory fees after all Federal, State, and private sources of scholarships and gift aid had been applied against a student's tuition. It is estimated that the net cost per student after these scholarships would be \$2,366 per year for full-time students, and \$737 for part-time students. These figures result in a total cost of \$57.7 million per year if every single student over 25 applied and were eligible for the Michigan Reconnect program. The Tennessee Reconnect program, which is similar to the Michigan Reconnect program, has an application acceptance rate of 57.6%. It is unknown whether this rate would be similar in Michigan, but it almost certainly would be less than 100%, as there are community college students over the age of 25 who would not qualify because they have earned an associates or bachelors degree previously, they do not meet the residency requirement, they are not taking the minimum of six credit hours per semester, they have failed to complete a FAFSA, or they simply would decline to apply for the program. This analysis also assumes that 25.7% of part-time students would not receive Michigan Reconnect since they are not in a degree-seeking program. It is possible, though, that a number of these students would apply anyway and, therefore, would compose a portion of the percentage of applicants who would not receive the scholarship.

Assuming Michigan had the same rate of scholarship receipt as Tennessee, Michigan's costs under the bill would be \$33.2 million with the potential to be higher or lower, depending on the actual rate of participation in the program. Because Tennessee's program is relatively new, future years could have a substantially higher acceptance rate. Therefore, the upper bound of the cost estimate for the Michigan Reconnect is derived using Tennessee's application acceptance rate with a 20-percentage-point buffer as a likely maximum, producing an ongoing cost estimate of \$44.8 million per year.

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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.