The Michigan Department of Education (MDE) received an Elementary and Secondary Emergency Relief (ESSER) Fund grant award of $389,796,984 on April 29, 2020. The MDE is setting aside the full 10% reserve funding ($38,979,698). 9.5% ($37,030,713) will be used for a statewide grant program(s) to address specific needs at the local level, while the remaining 5% ($1,948,985) will be used for administrative costs.

The Office of Financial Management (OFM) is responsible for coordinating the management, monitoring, and reporting of both the ESSER formula grant and the reserve grant(s). OFM will rely on program expertise from the Office of Systems, Evaluation, and Technology (OSET) and the Office of Educational Supports (OES). MDE will use the administrative funds to support these activities through the life of the grant, September 30, 2022.

**Assumptions**

* ESSER monitoring will be managed by the OFM.
* All program monitoring and fiscal monitoring will be conducted as desk reviews, to the extent possible.
* The Michigan Electronic Grants System Plus will be used as the application system.
* The Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS) will used as the monitoring system.
* MDE’s current monitoring processes will be used. Edits and changes will be implemented, as necessary, to address specific ESSER requirements.
* A risk-based approach will be used to conduct program reviews for all ESSER grant programs.
* ESSER administration funds will be available to support monitoring, compliance, and reporting efforts; this includes funding for staff and for the electronic system costs.

**Proposed Budget**

**Personnel- $709,900**

Personnel costs include various staff needed to coordinate, administer, provide technical assistance, monitor, and report on the ESSER formula and reserve grants for the life of the grant programs. Based on expected budget shortfalls and staffing constraints, MDE will determine the best means to assign staff to manage and monitor the grants. Staff support to manage, review, and administer the competitive grant programs is included in the budget.

**Benefits- $569,400**

Fringe benefits are based on current State of Michigan rates and include all employer paid retirement and insurance benefits.

**Travel- $1,500**

Travel is an estimated figure to cover the cost of any in-person training, technical assistance or on-site monitoring. All monitoring is expected to be conducted as desk reviews, but there may be instances where on-site visits are necessary.

**Supplies- $6,584**

Computers, supplies, equipment and other materials will be needed for those working on this grant.

**Contractual- $250,000**

Program Evaluation ($200,000): The department will contract with a third-party evaluator to measure and determine the effectiveness of the digital divide reduction grant program. The use of a third-party evaluator will help MDE to identify best practices and to make recommendations for future projects.

MI Data Hub Connection ($50,000): The department will work with the MI Data Hub to provide a connection between the Data Hub and GEMS/MARS so that program information that is being collected in the Data Hub can be automatically provided to GEMS/MARS to complete the district’s program monitoring questions. This will reduce the data burden on districts and streamline the monitoring process for the grant.

**Other- $37,269,913**

* **Subrecipient Grants-** $37,030,713 (9.5%) will be issued in subrecipient grants. MDE will run one or more competitive grants competitions that will be used to reduce the digital divide in Michigan’s highest need school communities. The use of funds will emphasize activities to support the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth (use of fund 5). In addition, there will be an emphasis on connectivity at the local level (use of funds 9), which will leverage existing programs and statewide networks to address the digital divide. Finally, there will be a grant program that will address local mental health services and supports (use of funds 10).
* **Information Technology-** $107,000 is budgeted for customization and base costs of the electronic application system, the electronic monitoring system, and the cash management system used by MDE. MDE’s existing systems must be adapted to include applications specific to ESSER. This includes one formula grant, and two competitive grants that will be part of the ESSER Reserve. Each grant includes error checking, as well as custom grant and budget pages. Adapting the electronic grant and monitoring systems will allow MDE to automate many review functions and will facilitate reporting capability. Creating customized reports will allow staff to access up-to-date grant statistics.
* **Auditor General-** $100,000 is set aside for third-party audits performed by the Michigan Office of the Auditor General for MDE to meet audit requirements as required by U.S. Office of Management and Budget (OMB) Uniform Guidance: Cost Principles, Audit and administrative Requirements for Federal Awards (Uniform Guidance).
* **Rent-** $32,200 in rent is budgeted for the office space used by staff. An estimated $3,700 is charged annually per FTE.

**Indirect Costs- $172,400**

MDE’s approved indirect cost rate is currently 10.6%. The rate is applied to all direct costs except subrecipient grants and the amount of each contract exceeding $25,000.

**Total- $38,979,697**